(Registered with the Monetary Authority of Singapore on 27 February 2013).

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

Offering of 776,636,000 Units (subject to the Over-Allotment Option (as defined herein))
Offering Price: S$0.93 per Unit

mapletree
greater china commercial
(a real estate investment trust constituted on 14 February 2013 under the laws of the Republic of Singapore)

Mapletree Greater China Commercial Trust Management Ltd., as manager (the "**Manager**") of Mapletree Greater China Commercial Trust ("**MGCCT**"), is making an offering (the "**Offering**") of 776,636,000 units representing undivided interests in MGCCT ("**Units**") for subscription at the Offering Price (as defined below) (the "**Offering Units**"). The Offering consists of (i) an international placement of 511,279,000 Units to investors, including institutional and other investors in Singapore (the "**Placement Tranche**"), and (ii) an offering of 265,357,000 Units to the public in Singapore (the "**Public Offer**") of which 50,304,000 Units will be reserved for subscription by the directors, management, employees and business associates of Mapletree Investments Pte Ltd ("**MIPL**" or the "**Sponsor**") and its subsidiaries (the "**Reserved Units**").

The issue price of each Unit under the Offering is S$0.93 per Unit (the "**Offering Price**"). The Offering is fully underwritten at the Offering Price by Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (collectively, the "**Joint Global Coordinators, Underwriters and Issue Managers**" or the "**Joint Global Coordinators**") on the terms and subject to the conditions of the Underwriting Agreement (as defined herein).

The total number of Units in issue as at the date of this Prospectus is one Unit (the "**Sponsor Initial Unit**"). The total number of outstanding Units immediately after completion of the Offering will be 2,661,709,000 Units. The exercise of the Over-Allotment Option will not increase the total number of Units in issue.

Concurrently with, but separate from the Offering, Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd., all of which are wholly-owned subsidiaries of the Sponsor, have each entered into a subscription agreement (the "**Sponsor Subscription Agreements**") to subscribe for an aggregate of 931,597,999 Units (the "**Sponsor Subscription Units**", together with the Sponsor Initial Unit, the "**Sponsor Units**") at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date (as defined herein).

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors (as defined herein) has entered into a subscription agreement to subscribe for an aggregate of 953,475,000 Units (the "**Cornerstone Units**") at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

Prior to the Offering, there has been no market for the Units. The offer of Units under this Prospectus will be by way of an initial public offering in Singapore ("**IPO**"). Application has been made to Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to list on the Main Board of the SGX-ST (i) all Units comprised in the Offering, (ii) the Sponsor Units, (iii) the Cornerstone Units, (iv) all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees and (v) all the Units which will be issued to Mapletree Greater China Property Management Limited (the "**Property Manager**") from time to time in full or part payment of the Property Manager's fees. Such permission will be granted when MGCCT has been admitted to the Official List of the SGX-ST (the "**Listing Date**"). Acceptance of applications for Units will be conditional upon issue of the Units and upon permission being granted to list the Units. In the event that such permission is not granted or if the Offering is not completed for any other reason, application monies will be returned in full, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against any of MGCCT, the Manager, DBS Trustee Limited, as trustee of MGCCT (the "**Trustee**"), the Sponsor or the Joint Global Coordinators.

MGCCT has received a letter of eligibility from the SGX-ST for the listing and quotation of (i) all Units comprised in the Offering, (ii) the Sponsor Units, (iii) the Cornerstone Units, (iv) all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees and (v) all the Units which will be issued to the Property Manager from time to time in full or part payment of the Property Manager's fees on the Main Board of the SGX-ST. MGCCT's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, MGCCT, the Manager, the Trustee, the Sponsor, the Joint Global Coordinators or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, MGCCT, the Manager, the Trustee, the Sponsor, the Joint Global Coordinators or the Units.

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "MAS") on 15 February 2013 and 27 February 2013, respectively. The MAS assumes no responsibility for the contents of the Prospectus. Registration of the Prospectus by the MAS does not imply that the Securities and Futures Act or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the collective investment scheme. This Prospectus will expire on 27 February 2014 (12 months after the date of the registration of this Prospectus).

See "Risk Factors" commencing on page 52 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units. None of the Manager, the Trustee, the Sponsor or the Joint Global Coordinators guarantees the performance of MGCCT, the repayment of capital or the payment of a particular return on the Units.

Investors who are members of the Central Provident Fund ("**CPF**") in Singapore may use their CPF Ordinary Account savings to purchase Units as an investment included under the CPF Investment Scheme – Ordinary Account. CPF members are allowed to invest up to 35.0% of the Investible Savings (as defined herein) in their CPF Ordinary Accounts to purchase Units. Investors applying for Units by way of Application Forms (as defined herein) or Electronic Applications (both as referred to in Appendix I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will have to pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom), where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

In connection with the Offering, the Joint Global Coordinators have been granted an over-allotment option (the "**Over-Allotment Option**") by Moonstone Assets Pte. Ltd. (the "**Unit Lender**"), a company incorporated in Singapore that is a wholly-owned subsidiary of the Sponsor, exercisable by Citigroup Global Markets Singapore Pte. Ltd. (the "**Stabilising Manager**") (or any of its affiliates), in consultation with the other Joint Global Coordinators, in full or in part, on one or more occasions, only from the Listing Date but no later than the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 79,851,000 Units, representing 10.3% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 79,851,000 Units (representing 10.3% of the total number of Units in the Offering), at the Offering Price. The exercise of the Over-Allotment Option will not increase the total number of Units outstanding. In connection with the Offering, the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Global Coordinators and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market.

However, there is no assurance that the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations.

Nothing in this Prospectus constitutes an offer for securities for sale in the United States of America ("**United States**" or "**U.S.**") or any other jurisdiction where it is unlawful to do so. The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities law of any state of the United States and accordingly, may not be offered or sold within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions as defined in and in reliance on Regulation S under the Securities Act ("**Regulation S**").

Sponsored by

mapletree
Mapletree Investments Pte Ltd

Joint Global Coordinators, Underwriters and Issue Managers

citi | DBS | Goldman Sachs | HSBC

Co-Managers / Sub-underwriters

CIMB Securities (Singapore) Pte. Ltd.

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

FIRST AND ONLY REIT WITH BEST-IN-CLASS COMMERCIAL PROPERTIES IN HONG KONG AND CHINA

Mapletree Greater China Commercial Trust ("MGCCT") is a Singapore real estate investment trust ("REIT") which aims to invest, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region. It focuses primarily on commercial assets (predominantly for retail and/or office use), as well as real estate-related assets.

MGCCT is the first commercial REIT with assets in both Hong Kong and China, and its initial portfolio comprises Festival Walk, a landmark territorial retail mall with an office component in Kowloon Tong, Hong Kong and Gateway Plaza, a premier Grade A office building with a retail atrium in Beijing, China.

MGCCT's investment mandate will include Hong Kong, first tier cities in China (Beijing, Shanghai, Guangzhou and Shenzhen) and key second tier cities in China (Chengdu, Chongqing, Foshan, Hangzhou, Nanjing, Suzhou, Tianjin, Wuhan and Xi'an).

IPO Portfolio Key Facts

99.0%

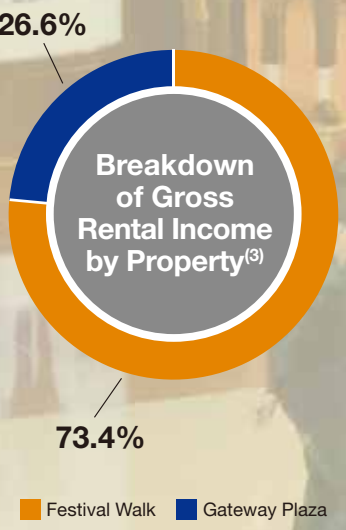
Occupancy Rate[1]

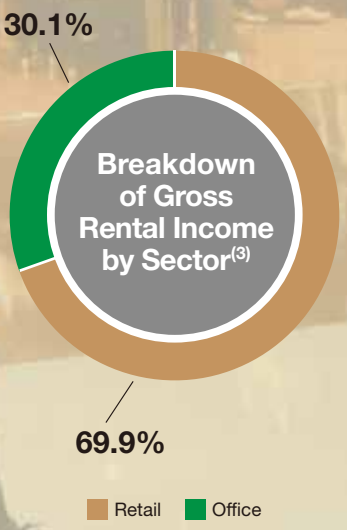
2.4m

Gross Floor Area (sq ft)[1]

S$4.3b

Total Portfolio Valuation[2]





(1) As at 30 November 2012.
(2) Based on the lower of the two independent appraised values for each property as at 31 December 2012.
(3) For the month of November 2012.

Festival Walk's excellent tenant positioning and diversification has allowed it to achieve 100% occupancy since 2000.

IPO Portfolio

Festival Walk（又一城）

- A landmark territorial retail mall and lifestyle destination with an office component, located in the upscale residential area of Kowloon Tong, Hong Kong
- Comprises a seven-storey territorial retail mall with a four-storey office tower and three underground carpark levels

100%
Occupancy since 2000

- Stable and resilient performance through economic cycles
- Positive annual growth in Gross Revenue since opening in 1998
- Shopper traffic of more than 38 million per annum with annual sales turnover of HK$4.8 billion in 2012

Gateway Plaza（佳程广场）

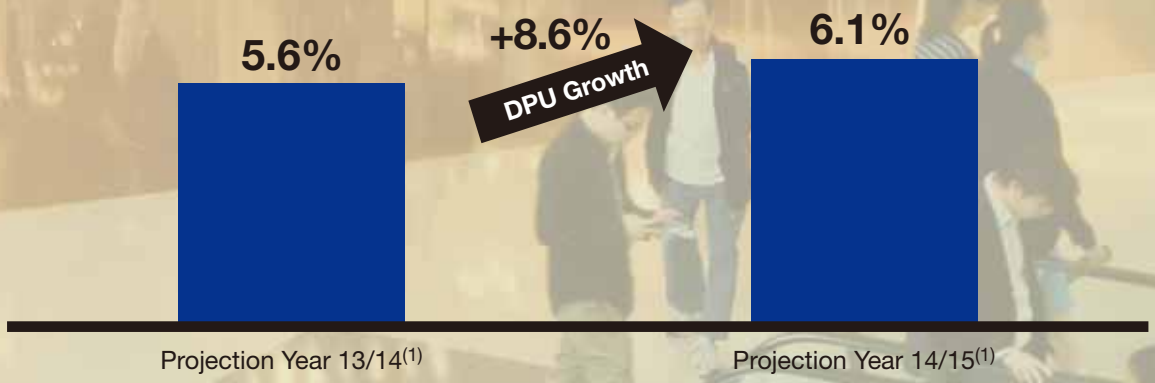
- A premier Grade A office building with a retail atrium located in the established and prime Lufthansa Area in Beijing, China
- Comprises two 25-storey towers connected by a three-storey atrium and three levels of underground car park

98%
Occupancy as at 30 November 2012

- Strong intrinsic growth potential
- Consistently achieved occupancy rates in excess of 90% after successful re-positioning post-acquisition by Mapletree Investments Pte Ltd (the "Sponsor")
- Over 50% of Lettable Area leased to Fortune 500 companies

ATTRACTIVE DISTRIBUTION YIELD AND GROWTH

MGCCT Projected Distribution Yield



Exempt from Singapore Tax for all Unitholders

(1) Based on the Offering Price of S$0.93 per Unit and the projected DPU for Projection Year 13/14 and Projection Year 14/15, together with the accompanying assumptions in the Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

PORTFOLIO STRENGTHS
BEST-IN-CLASS COMMERCIAL PROPERTIES IN STRATEGIC LOCATIONS

The first and only Apple Store in Kowloon opened in Festival Walk in September 2012

Diverse and Quality Tenant Mix

The Properties have a diverse and high quality tenant base that operates across a number of key sectors in both the retail and office space.

No single tenant accounted for more than 5.9% of total Gross Rental Income in the IPO Portfolio for the month of November 2012.

Excellent Accessibility

The Properties enjoy excellent connectivity via convenient access to major roads, expressways, subway lines and rail lines.

Strategic Location and Large Trade Area

The attractive and prime locations of the Properties allow them to tap on a large trade area and benefit from future increases in office and retail activities.

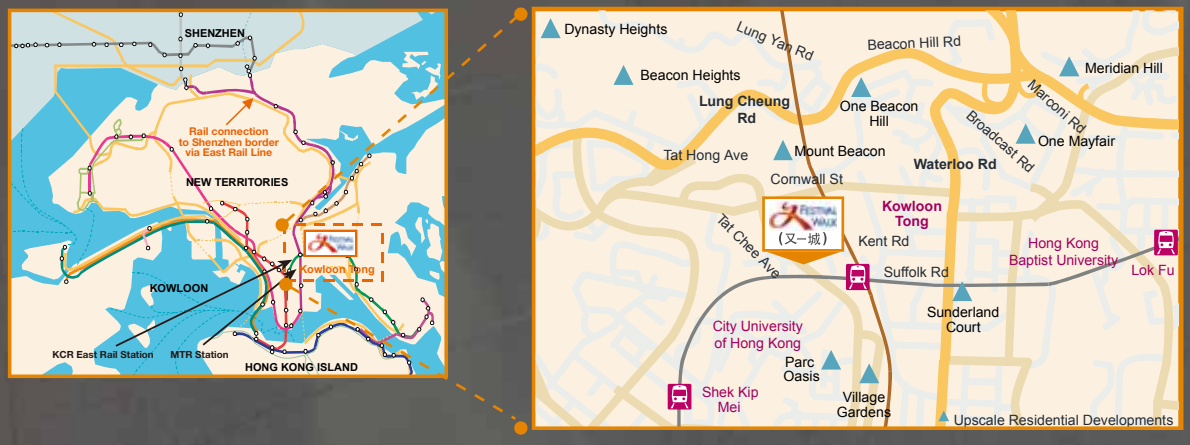
Scarcity of Comparable Properties

The limited supply of prime properties of similar scale and quality as Festival Walk in Hong Kong and Gateway Plaza in Beijing adds to the demand for space in both Properties.

Platform for Robust Growth

The Manager will actively manage MGCCT's property portfolio to achieve growth in Gross Revenue and Net Property Income, and optimise occupancy levels. The Manager will also explore asset enhancement initiatives and pursue strategic acquisition opportunities to drive inorganic growth.

Festival Walk – Premier Retail Mall in Kowloon Tong, Hong Kong



IPO Portfolio Overview as at 30 November 2012

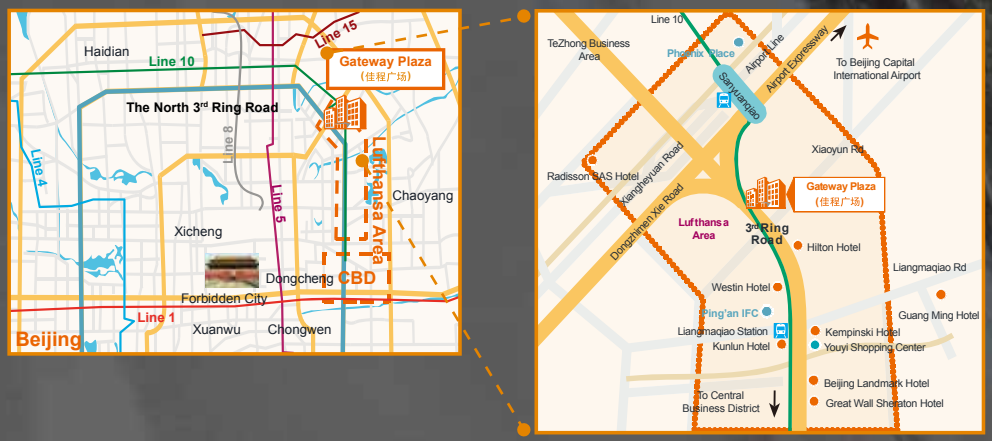
	Festival Walk	Gateway Plaza	MGCCT
Type	Retail with office component	Office with retail atrium	Retail and Office
Location	Kowloon Tong, Hong Kong	Lufthansa Area, Beijing	N.A.
Lettable Area (sq ft)	793,728	1,145,882	1,939,610
Building Completion	November 1998	August 2005	N.A.
Valuation[1][2] – Local Currency (LCY)/S$	HK$20,700mm/S$3,296mm	RMB5,165mm/S$1,016mm	S$4,312mm
Occupancy Rate	100.0%	98.3%	99.0%
Number of Tenants	216[3]	71	287[3]
WALE by Gross Rental Income (years)	2.4	2.4	2.4
Key Tenants	**Retail:** TaSTe, Apple Store, Marks & Spencer, H&M, AMC multiplex cinema, Uniqlo, LOG-ON, i.t **Office:** Ove Arup, Prudential	**Office:** BMW Group, Doosan, John Deere, Cummins, Bank of China, BASF, Posco **Retail:** Bank of China, Nanyang Commercial Bank	N.A.

(1) Festival Walk valuation converted to S$ at an exchange rate of S$1 = HK$6.2803. Gateway Plaza valuation converted to S$ at an exchange rate of S$1 = RMB5.0849.

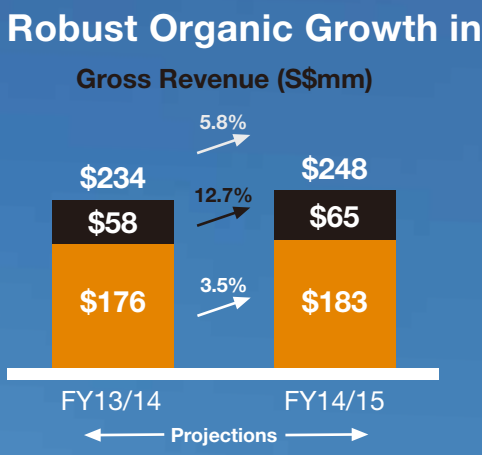
(2) Based on the lower of the two independent appraised values for each property as at 31 December 2012.

(3) Excludes The Glacier which is wholly-owned by MGCCT.

Gateway Plaza – Premier Grade A Office in Prime Lufthansa Area, Beijing



WHY INVEST IN MAPLETREE GREATER CHINA COMMERCIAL TRUST?



Gateway Plaza's Grade A office space is located in Beijing's Lufthansa Area, a highly sought after location amongst international corporations

1 Best-in-Class commercial properties in Hong Kong and Beijing

Festival Walk

- One of the top 10 largest malls in Hong Kong with annual shopper traffic of over 38 million visitors
- Enjoys territorial mall status with its strategic location in an attractive trade area
- Trade area retail expenditure is expected to grow over the next five years
- Excellent connectivity to major rail, subway lines, bus and road networks

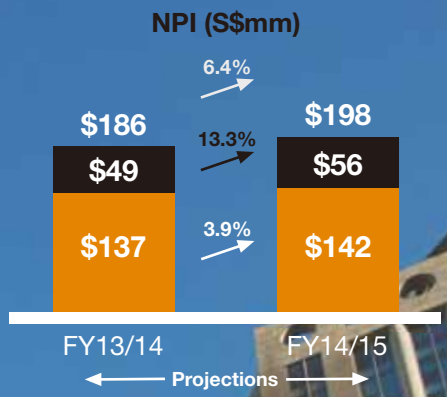
Gateway Plaza

- One of the largest and most sought-after Grade A office buildings in the Lufthansa Area, Beijing
- More than 50% of lettable area leased to Fortune 500 companies
- Favourable supply and demand dynamics support robust organic rental reversions

2 Attractive distribution growth delivered organically

- Both properties enjoy favourable lease profiles with embedded organic growth potential given the resilient and robust retail sector in Hong Kong and tight supply in the Beijing office space
- The IPO Portfolio's relatively short lease expiry profile, with a combined WALE of 2.4 years by Gross Rental Income, ensures the Properties are well-positioned to capture strong organic rental reversions
- Limited new supply and positive demand dynamics will provide support to the Properties' ability to benefit from potential rental uplift as passing rents revert to market levels
- The Manager has projected rental reversions of 14.4% and 14.9% for Festival Walk and 65.4% and 38.9% for Gateway Plaza for leases expiring in FY13/14 and FY14/15 respectively

Gross Revenue and Net Property Income ("NPI")



Factored in Projections

- Embedded Rental Escalation
- Positive Rental Reversion
- Active Asset Management

+

Upside to Projections

- Potential Asset Enhancement Initiatives
- Acquisition Growth

3 Stable and resilient portfolio

- Festival Walk has seen positive annual growth in Gross Revenue since opening in 1998
- Festival Walk achieved a CAGR of 5.8% in Gross Revenue and 5.7% in retail sales from 1999 to 2010
- Gateway Plaza has seen effective passing rental rates increasing by 20.3% from April 2010 to September 2012, and consistent occupancy in excess of 90% since successful re-positioning post-acquisition by the Sponsor

4 Platform for robust growth

- Superior immediate and medium term growth through active asset management and asset enhancement initiatives
- Pursue third party acquisition opportunities to grow asset portfolio and maintain an attractive cash flow and yield profile for Unitholders

5 Experienced management and committed Sponsor with proven track record

- Expertise in real estate capital management including origination, acquisition and operations
- Significant experience in the Greater China region
- Has an asset portfolio spanning seven countries with offices in 15 Asian cities, owned and managed real estate assets of S$20.5 billion, and funds under management of S$7.4 billion as at 30 September 2012 across six platforms – three public REITs and three private funds

MAPLETREE GREATER CHINA COMMERCIAL TRUST

THE FIRST AND ONLY REIT WITH BEST-IN-CLASS COMMERCIAL PROPERTIES IN HONG KONG AND CHINA

Favourable supply and demand dynamics support robust organic rental reversions

The Manager aims to provide Unitholders of MGCCT with an attractive rate of return on their investment through regular and stable distributions to Unitholders. It also targets to achieve long-term sustainable growth in Distribution per Unit ("DPU") and Net Asset Value ("NAV") per Unit, while maintaining an appropriate capital structure for MGCCT.

MGCCT is expected to pay a distribution yield of 5.6%(1) in Projection Year 2013/14 with an expected 8.6%(1) growth in distribution yield to 6.1%(1) in Projection Year 2014/15. MGCCT intends to distribute 100% of its Distributable Income from Listing Date to 31 March 2015 and at least 90% thereafter.

(1) Based on the Offering Price of S$0.93 per Unit and the projected DPU for Projection Year 13/14 and Projection Year 14/15, together with the accompanying assumptions in the Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

MGCCT IPO Timetable

Date and Time	Event
28 February 2013, 9.00 a.m.	Launch of the Public Offer
5 March 2013, 12.00 noon	Close of the Public Offer
7 March 2013, 2.00 p.m.	Commence trading on a "ready" basis

Application for the Public Offer may be made through:

- ATMs of DBS Bank (including POSB), OCBC or UOB (and its subsidiary Far Eastern Bank Limited)
- Internet banking websites of DBS Bank (including POSB), OCBC or UOB (and its subsidiary Far Eastern Bank Limited)
- Mobile banking platform of DBS Bank
- Printed WHITE application forms which form part of the Prospectus

TABLE OF CONTENTS

NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of MGCCT, the Manager, the Trustee, the Joint Global Coordinators or the Sponsor. If anyone provides you with different or inconsistent information, you should not rely upon it. Neither the delivery of this Prospectus nor any offer, subscription, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the business affairs, conditions and prospects of MGCCT, the Manager, the Units or the Sponsor since the date on the front cover of this Prospectus. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Manager will make an announcement of the same to the SGX-ST and, if required, lodge and issue a supplementary document or replacement document pursuant to Section 298 of the Securities and Futures Act and take immediate steps to comply with the said Section 298. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes.

None of MGCCT, the Manager, the Trustee, the Joint Global Coordinators and the Sponsor or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any purchaser or subscriber of Units regarding the legality of an investment by such purchaser or subscriber under appropriate legal, investment or similar laws. In addition, investors in the Units should not construe the contents of this Prospectus as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Units for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Units.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours, from:

Citigroup Global Markets Singapore Pte. Ltd.	**DBS Bank Ltd.**	**Goldman Sachs (Singapore) Pte.**	**The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch**
8 Marina View #21-00 Asia Square Tower 1 Singapore 018960	12 Marina Boulevard Level 46 DBS Asia Central@ Marina Bay Financial Centre Tower 3 Singapore 018982	One Raffles Link #07-01 South Lobby Singapore 039393	21 Collyer Quay #09-02 HSBC Building Singapore 049320

and, where applicable, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: http://www.sgx.com.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. MGCCT, the Manager, the Trustee, the Joint Global Coordinators and the Sponsor require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to MGCCT, the Manager, the Trustee, the Joint Global Coordinators and the Sponsor. This Prospectus does not constitute, and the Manager, the Trustee, the Joint Global Coordinators and the Sponsor are not making, an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Global Coordinators and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence on or after the Listing Date, and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 79,851,000 Units, representing 10.3% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 79,851,000 Units (representing 10.3% of the total number of Units in the Offering), at the Offering Price. The exercise of the Over-Allotment Option will not increase the total number of Units outstanding.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute "forward-looking statements". This Prospectus also contains forward-looking financial information in "Profit Forecast and Profit Projections". Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of MGCCT, the Manager, the Sponsor, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager's present and future business strategies and the environment in which MGCCT, the Manager or the Sponsor will operate in the future. Because these statements and financial information reflect the current views of the Manager and the Sponsor concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any undue reliance on these forward-looking statements.

Among the important factors that could cause the actual results, performance or achievements of MGCCT, the Manager or the Sponsor to differ materially from those in the forward-looking statements and financial information are the conditions of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as political, economic and social conditions in Singapore, The Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") and the People's Republic of China (the "**PRC**"), changes in government laws and regulations affecting MGCCT, competition in the property market of Greater China in which MGCCT may invest, industry, currency exchange rates, interest rates, inflation, relations with service providers, relations with lenders, hostilities (including future terrorist attacks), the performance and reputation of MGCCT's properties and/or acquisitions, difficulties in identifying future acquisitions, difficulty in completing and integrating acquisitions, changes in the Manager's directors and executive officers, risks related to natural disasters, general volatility of the capital markets, general risks relating to the property market in which MGCCT may invest and the market price of the Units as well as other matters not yet known to the Manager or not currently considered material by the Manager. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Profit Forecast and Profit Projections", and "Business and Properties". These forward-looking statements and financial information speak only as at the date of this Prospectus. The Manager expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the expectations of the Manager or the Sponsor with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Prospectus, references to "S$" or "Singapore dollars" and "cents" are to the lawful currency of the Republic of Singapore, references to "HK$" or "HK dollars" are to the lawful currency of Hong Kong and references to "RMB" or "Renminbi" are to the lawful currency of the PRC. References to "the People's Republic of China", "the PRC" or "China" are, for the purposes of this Prospectus, to mainland China and reference to "Greater China" are, for the purposes of this Prospectus, to Hong Kong and the PRC.

For the reader's convenience, except where the exchange rate is expressly stated otherwise:

- Hong Kong dollar amounts in this Prospectus have been translated into Singapore dollars based on the fixed exchange rate of S$1.00 = HK$6.2803 as at 14 February 2013;

- Renminbi amounts in this Prospectus have been translated into US dollars based on the fixed exchange rate of US$1.00 = RMB6.2793 as at 8 February 2013; and

- US dollar amounts in this Prospectus have been translated into Singapore dollars based on the fixed exchange rate of US$1.00 = S$1.2349 as at 14 February 2013.

However, such translations should not be construed as representations that Hong Kong dollar amounts and Renminbi amounts have been, could have been or could be converted into Singapore dollars at that or any other rate (see "Exchange Rate Information").

Unless otherwise defined, capitalised terms used in this Prospectus shall have the meanings set out in the Glossary.

The forecast and projected distribution per unit yields are calculated based on the Offering Price. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place. Measurements in square metres ("**sq m**") are converted to square feet ("**sq ft**") and *vice versa* based on the conversion rate of 1 sq m = 10.7639 sq ft. References to "Appendix" or "Appendices" are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

Unless otherwise specified, all information relating to the Properties (as defined herein) in this Prospectus are as at 30 November 2012, save for the information in "Factors Affecting Results of Operations and Discussion of Liquidity and Market Risk" and "Profit Forecast and Profit Projections" which are as at 30 September 2012 in line with the financial period. See "Business and Properties" for details regarding the Properties.

Reference to:

- "**acquisition of the Properties**" for the purposes of this Prospectus means MGCCT's acquisition of the entire issued share capital of the Cayman Companies (as defined herein) from the Vendors;

- "**GFA**" for the purposes of this Prospectus excludes underground car park area. The GFA excludes the underground car park area as the term "GFA" is commonly used in the PRC to refer only to the area aboveground and typically excludes underground levels. For purposes of consistency in this Prospectus, references to GFA would exclude the underground car park

areas for both Properties, which have a total GFA of 341,601 sq ft. For Gateway Plaza, there are three underground levels of car park. The third level of the underground car park is a civil defence shelter which belongs to the PRC Government. While the underground car park area (excluding civil defence shelter of Gateway Plaza) will belong to MGCCT, however, the income generated from the entire underground car park area (including civil defence shelter of Gateway Plaza) will belong to MGCCT; and

- "**Gross Rental Income**" for the purposes of this Prospectus (save for the Unaudited Pro Forma Financial Information and Profit Forecast and Profit Projections sections) comprises Fixed Rent and Turnover Rent, recognised on a cash basis. Gross Rental Income used for calculation of the operational metrics in the Prospectus differs from the Gross Rental Income provided in the Unaudited Pro Forma Financial Information and Profit Forecast and Profit Projections sections which take into account the amortisation of rent-free lease incentives as required under the relevant accounting standards.

MARKET AND INDUSTRY INFORMATION

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein. Consequently, none of MGCCT, the Manager, the Trustee, the Joint Global Coordinators and the Sponsor make any representation as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same.

OVERVIEW

*The following section is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus. The meanings of terms not defined in this section can be found in the Glossary or in the trust deed constituting MGCCT dated 14 February 2013 (the "**Trust Deed**"). A copy of the Trust Deed can be inspected at the registered office of the Manager, which is located at 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438 (prior appointment would be appreciated).*

Statements contained in this section that are not historical facts may be forward-looking statements or are historical statements reconstituted on a pro forma basis. Such statements are based on certain assumptions and are subject to certain risks and uncertainties which could cause actual results of MGCCT to differ materially from those forecast or projected (see "Forward-Looking Statements" for further details). Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by MGCCT, the Manager, the Trustee, the Joint Global Coordinators, the Sponsor or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are advised not to rely solely on this section, but to read this Prospectus in its entirety and, in particular, the sections from which the information in this section is extracted and "Risk Factors" to better understand the Offering and MGCCT's businesses and risks.

OVERVIEW OF MGCCT – The First Greater China REIT

MGCCT is a Singapore real estate investment trust ("**REIT**") established with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets.

MGCCT's investment mandate will include Hong Kong, first tier cities in China (Beijing, Shanghai, Guangzhou and Shenzhen) and key second tier cities in China (Chengdu, Chongqing, Foshan, Hangzhou, Nanjing, Suzhou, Tianjin, Wuhan and Xi'an). (See "Strategy" for further details.)

Key Objective

The Manager's key financial objectives are to provide unitholders of MGCCT ("**Unitholders**") with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in distribution per Unit ("**DPU**") and net asset value ("**NAV**") per Unit, while maintaining an appropriate capital structure for MGCCT.

IPO Portfolio

The initial portfolio of MGCCT will comprise two prime commercial properties in Greater China, strategically located in Hong Kong and Beijing, with an aggregate GFA of approximately 2.4 million[1] sq ft. The IPO Portfolio (as defined herein) consists of:

- **Festival Walk** (又一城), a premier retail and lifestyle destination, comprising a seven-storey territorial[2] retail mall with a four-storey office component on top of the mall, as well as three floors of underground car parks. It is located in Kowloon Tong, an upscale residential area in Hong Kong, and is directly linked to the Kowloon Tong MTR station, which is the interchange for MTR's local underground metro line (Kwun Tong Line) and the overland railway linking Hong Kong directly to the Shenzhen border (East Rail Line); and

- **Gateway Plaza** (佳程广场), a premier Grade A office building consisting of two 25-storey towers connected by a three-storey atrium, as well as three underground floors. It is located in the Chaoyang district, at the junction of East Third Ring Road and Airport Expressway, and is within the traditional commercial and office area known as the Lufthansa Area in Beijing,

(together, the "**Properties**"). (See "Business and Properties" for further details.)

KEY INVESTMENT HIGHLIGHTS

The Manager believes that an investment in MGCCT offers the following attractions to Unitholders:

- **Best-in-class commercial properties strategically located in prime commercial districts in Hong Kong and Beijing**
  - Festival Walk: Premier retail mall located in Kowloon Tong, Hong Kong
  - Gateway Plaza: Premier Grade A office building located in the established and prime Lufthansa Area in Beijing
- **Attractive distribution growth delivered organically**
  - Favourable lease profile with embedded and visible organic growth potential
- **Stable and resilient portfolio**
  - Track record of consistent outperformance
  - Diversified and high quality tenant base

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1 Excludes underground car park area with a total GFA of 341,601 sq ft. (See "Certain Defined Terms and Convention" for details regarding the computation of GFA.)

2 According to Savills, "**territorial centres**" cater to both tourists and the local (territory-wide) population, usually comprising part of a larger mixed-use scheme or cluster of commercial and/or residential properties. They may also provide territory-wide entertainment venues and have a significant amount of commercial floor space provision and are generally over 90,000 sq m in area.

- **Unique exposure to the first and only commercial REIT to benefit from both the robust Hong Kong and China commercial markets**

  – ***Hong Kong***

    ° Strong retail outlook

    ° Limited supply of new retail space

    ° Increasing demand for decentralised office space

  – ***Beijing***

    ° Strong leasing demand

    ° Limited office supply

- **Experienced management and committed sponsor with proven track record**

  – Expertise in real estate capital management, including origination, acquisition and operations

  – Proven ability of enhancing the value of the Properties

  – Experience in the Greater China region

  – Alignment of interest between the Sponsor and Unitholders

- **Platform for robust growth**

  – On-going active asset management

  – Asset enhancement initiatives

  – Strategic acquisition growth

(1) Best-in-class commercial properties strategically located in prime commercial districts in Hong Kong and Beijing

MGCCT will be the only listed Asian REIT platform which offers investors an opportunity to invest in best-in-class commercial properties strategically located in prime retail and office districts in Hong Kong and Beijing. The IPO Portfolio of MGCCT comprises Festival Walk in Kowloon Tong, Hong Kong and Gateway Plaza in the Lufthansa Area, Beijing. The Properties are valued at an aggregate of approximately S$4.3 billion[1] as at 31 December 2012 with a total GFA of approximately 2.4 million sq ft.[2]

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1 Based on the lower of the two independent appraised values for each property.

2 Excludes underground car park area with a total GFA of 341,601 sq ft. (See "Certain Defined Terms and Convention"for details regarding the computation of GFA.)

The Manager believes that Festival Walk will deliver stable and sustainable growth, supported by an established Hong Kong retail market while Gateway Plaza offers significant rental growth upside, driven by robust supply and demand dynamics in the Beijing office market. The consistently high occupancy levels and tenant retention rates as well as rental resilience even during economic downturns, most recently demonstrated during the global financial crisis, are testament to the premium quality of the Properties. The Manager believes that an investment in MGCCT provides investors with an attractive risk-return proposition, given the proven, stable and resilient performance of its high quality premium assets with an attractive yield plus growth return profile.

(A) Festival Walk: Premier retail mall located in Kowloon Tong, Hong Kong

- ***Premier retail mall in Hong Kong*** – Festival Walk is a landmark territorial retail mall located in the upscale residential area of Kowloon Tong in Hong Kong and is one of the top 10 retail malls in Hong Kong by GFA. Festival Walk enjoys an iconic status in Hong Kong's retail hierarchy having successfully attracted shoppers for more than 14 years and is considered one of the most popular retail malls in Hong Kong.

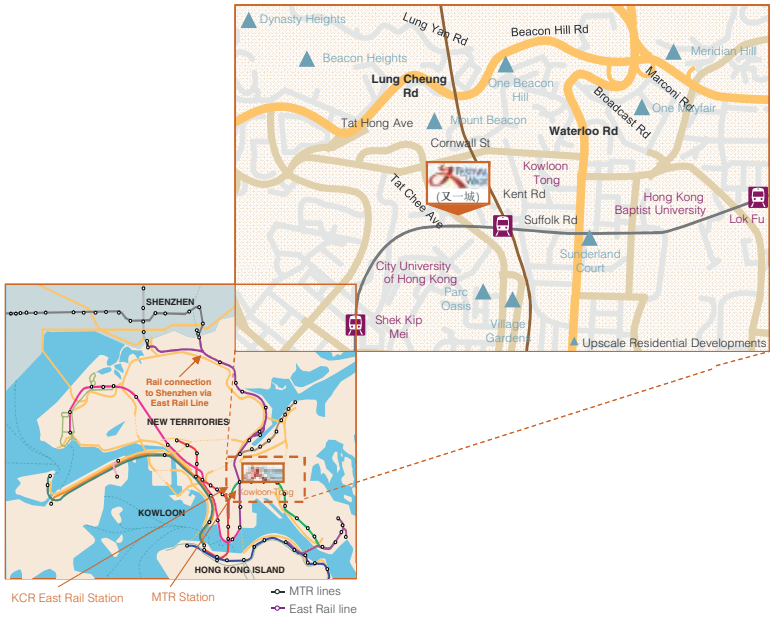
- ***Retail and lifestyle destination of choice*** – Festival Walk offers one of the widest variety of entertainment and retail options including a large seven screen multiplex cinema, one of the largest ice rinks in Hong Kong and a wide variety of quality restaurants and food and beverage ("**F&B**") outlets. It also has a broad spectrum of local and international brand name retailers such as Apple, Broadway, Fortress, H&M, Marks & Spencer, TaSTe Supermarket and Uniqlo. A clear demonstration of Festival Walk's ability to attract marquee brands was the opening of an Apple store in Festival Walk in 2012 which is the first and only one in Kowloon.

- ***Attractive and large trade area*** – Festival Walk has a primary and secondary trade area of over 1.4 million residents in 2012, according to Urbis. The primary and secondary trade areas comprise over 45% of middle to high-income level households as defined by Urbis. Furthermore, within the neighbouring Kowloon Tong area, over 70% of the households have a monthly median household income above the overall Hong Kong monthly median household income of HK$30,000 per capita, according to Savills. This provides a trade area with a regular customer base with relatively higher spending power.

- ***Growing Chinese tourist patronage*** – According to Urbis, approximately 18% of total estimated retail sales for Festival Walk in 2012 is likely to be attributable to tourists, which is relatively low compared to an average of 27% for the general Hong Kong retail market. The tourist segment for Festival Walk has a higher than average spend per visit. Such tourist segment accounted for approximately 15% of the total visitation to Festival Walk but contributed to approximately 18% of total estimated sales for 2012. In addition, approximately 70% of the tourist segment is from China. The Manager is of the view that the increasing Chinese tourist patronage presents a significant opportunity to grow rental revenue and has proactively initiated re-positioning part of Festival Walk's tenant and trade mix to capture this growing tourist segment, while retaining its focus on the broader local catchment.

- ***Excellent transport connectivity and accessibility*** – Festival Walk is situated in a prime location in Kowloon Tong and is a transportation hub for Kowloon and the New Territories. In addition, it has direct rail connectivity to the Shenzhen border to cater to the growing shopper traffic from China.

Festival Walk – Attractive Catchment and Excellent Connectivity



Source: Urbis and Savills

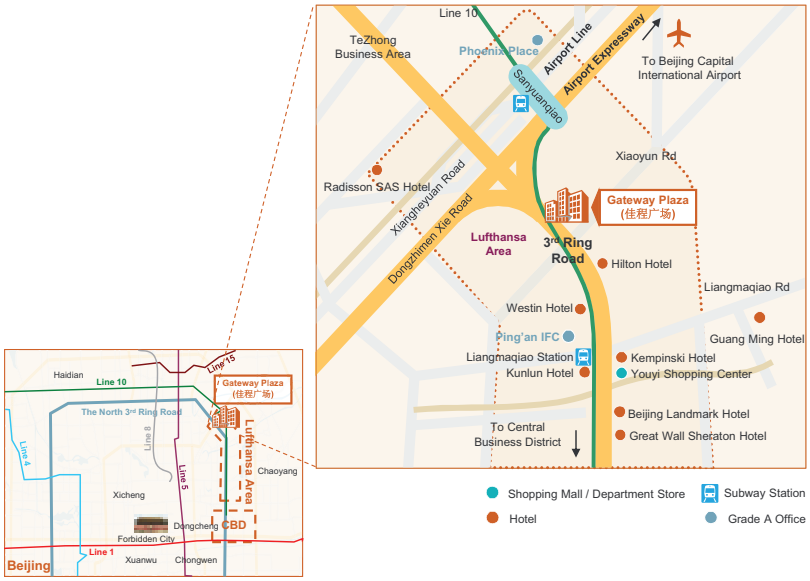
(B) Gateway Plaza: Premier Grade A office building located in the established and prime Lufthansa Area in Beijing

- ***Strategically located premier Grade A office building in Beijing*** – Gateway Plaza is one of the top 10 largest wholly-owned Grade A office buildings in Beijing by GFA according to Colliers and one of the few Grade A office buildings located in the prime Lufthansa Area, which includes the Third Embassy Area and which is one of the most established major office submarkets in Beijing. Gateway Plaza has excellent accessibility, being located approximately 0.7 km away from Sanyuanqiao Metro station (which is the interchange station of Metro Line 10 and Airport Express), approximately 8 km away from the central business district ("**CBD**") in Beijing and approximately 20 km away from the Beijing Capital International Airport. Gateway Plaza's strategic location allows tenants and visitors to avoid the heavy traffic congestion of the downtown Beijing CBD, which results in consistently strong demand for its office space.

- ***Scarcity of comparable properties*** – Most of the other existing office buildings comparable to Gateway Plaza, which are located in the Lufthansa Area, are typically strata-titled properties. As Gateway Plaza is wholly-owned and not strata-titled, MGCCT will be able to undertake better property management and attract better quality tenants.

- ***High quality tenant base driving solid performance*** – Due to the scarcity of similar premier Grade A office buildings in the vicinity, Gateway Plaza enjoys a 98% occupancy rate as at 30 November 2012 and counts a number of major multinational corporations ("**MNCs**") and sector-leading PRC domestic enterprises among its tenants, with over 50% of total Lettable Area (as defined herein) leased to Fortune 500 companies, including Aviva-Cofco, Bank of China, BASF, the BMW Group (as defined herein), Continental Automotive, Posco, Terex, and United Airlines.

Gateway Plaza – Premier Location



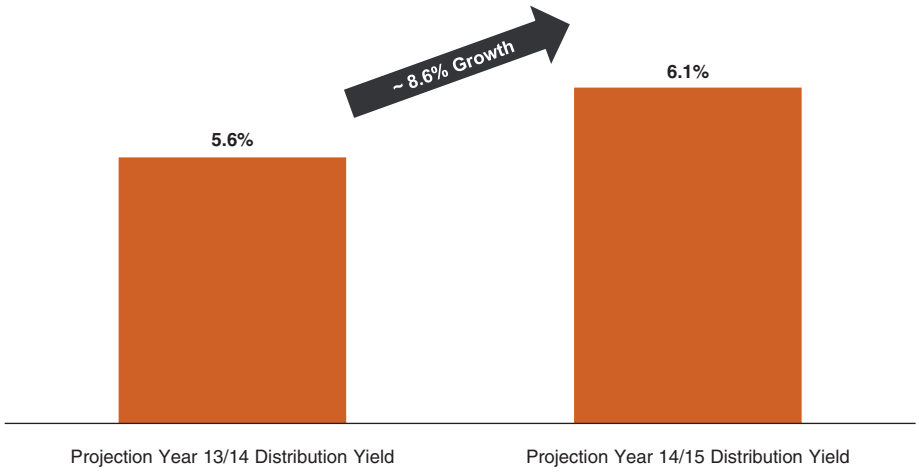
Source: Colliers

(2) Attractive distribution growth delivered organically

MGCCT is expected to pay a distribution yield[1] of 5.6% in the first full financial year from 1 April 2013 to 31 March 2014 (the "**Projection Year 13/14**") based on the Offering Price. The distribution yield is expected to grow by approximately 8.6% to a distribution yield of 6.1% in the second full financial year from 1 April 2014 to 31 March 2015 (the "**Projection Year 14/15**") based on the Offering Price. The distribution yields projected above are based on a post-tax basis after accounting for Hong Kong and PRC income and withholding tax. (See "Profit Forecast and Profit Projections" for further details.) Furthermore, distributions made by MGCCT are exempt from Singapore income tax in the hands of all Unitholders, i.e., regardless of whether they are corporates or individuals, foreign or domestic. The distributions will be free of Singapore withholding tax or tax deduction at source.

1 Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price. The profit forecast and projections from which this information is extracted is based on the various assumptions set out in the section titled "Profit Forecast and Profit Projections". There can be no assurance that the profit forecast and projections will be met and the actual yields per Unit may be materially different from the projected amounts. (See "Risk Factors — Risks Relating to an Investment in the Units — The actual performance of MGCCT and the Properties could differ materially from the forward-looking statements in this Prospectus" for further details.)

The Manager's Projection Year 13/14 and Projection Year 14/15 distributions are based solely on organic growth assumptions, including step-up rents, renewals of expiring leases or commencement of new leases during the Projection Year 13/14 and Projection Year 14/15 and growth in Turnover Rent (as defined herein), without taking into account any asset enhancement initiatives or redevelopment works.



The Manager believes this organic growth in distributions is sustainable due to the following factors:

(A) Favourable lease profile with embedded and visible organic growth potential

Given the resilient and robust retail sector in Hong Kong and tight supply in the Beijing office space, the IPO Portfolio's relatively short lease expiry profile with a combined weighted average lease expiry ("**WALE**") of 2.4 years by Gross Rental Income ensures the Properties are well-positioned to experience strong organic rental reversions.

Leases with built-in rental escalation and Turnover Rent

Festival Walk's retail leases are typically structured with three-year tenures comprising Base Rent (as defined herein), service charge, chilled water charges, advertising and promotional charge and Turnover Rent. As at 30 November 2012, approximately 99% of leases (based on Lettable Area) have step-up structures in the Base Rent, thus providing a visible, stable and growing rental income stream. More than 95% of leases by Lettable Area have a Base Rent with Turnover Rent structure, which allows MGCCT to benefit positively from the expected robust growth in retail sales.

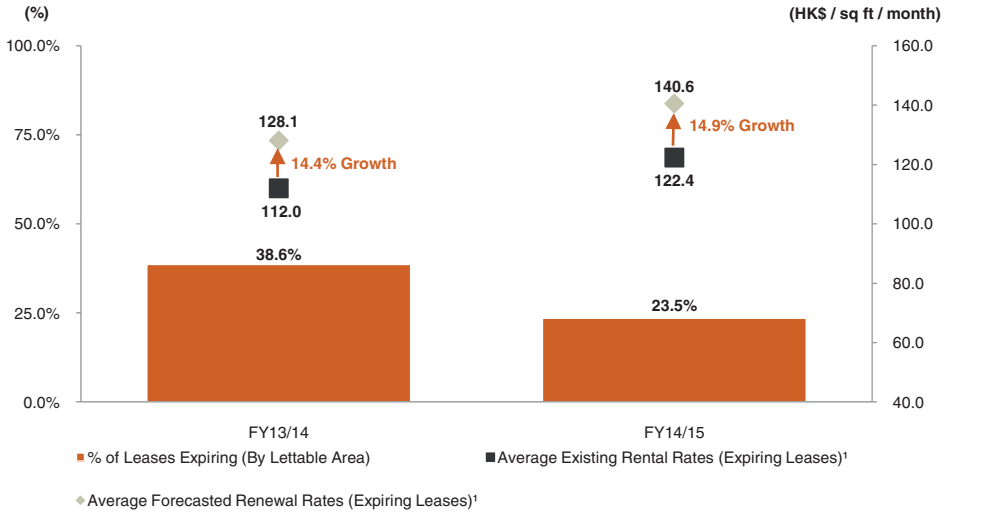
Positive rental reversion opportunities

(i) Festival Walk – Retail

The Manager expects that Festival Walk's retail leases will be able to enjoy positive rental reversions for new leases and from renewals of existing leases which will underpin revenue growth. The Manager believes that the positive retail outlook, coupled

with Festival Walk's retail WALE of 2.3 years[1] by Gross Rental Income as at 30 November, will allow it to benefit from the expected growth in retail rental rates. Approximately 38.6% and 23.5% of leases by Lettable Area are due to expire in FY13/14 and FY14/15 respectively, of which approximately 38.2% of expiring leases by Lettable Area for FY13/14 have already been committed[2]. The graph below shows the Manager's forecast of a 14.4% and 14.9%[3] increase in average rental rates for leases expiring in FY13/14 and FY14/15 respectively, which is consistent with the increase in average rental rates of approximately 15.6% for leases which were renewed for the eight-month period ended 30 November 2012.

Organic Growth Potential – Festival Walk (Retail)



Note:

(1) Based on average of rental rates over previous three years prior to renewal for existing rental rates and average of rental rates over next three years post expiry for forecasted renewal rental rates.

(ii) Gateway Plaza

Gateway Plaza has a WALE of 2.4 years by Gross Rental Income. This presents MGCCT with substantial organic growth potential as leases expire over the next few years will be able to renew at rental rates close to or at market rates. For example, the average increase in rental rates on renewal (or replacement by new tenants, as the case may be) in FY12/13 was 45.5% for the eight-month period ending 30 November 2012. With approximately 26.6% and 34.0% of leases by Lettable Area due to expire in FY13/14 and FY14/15, the Manager expects rental rates to grow by 65.4% and 38.9%[3] in the same period, respectively.

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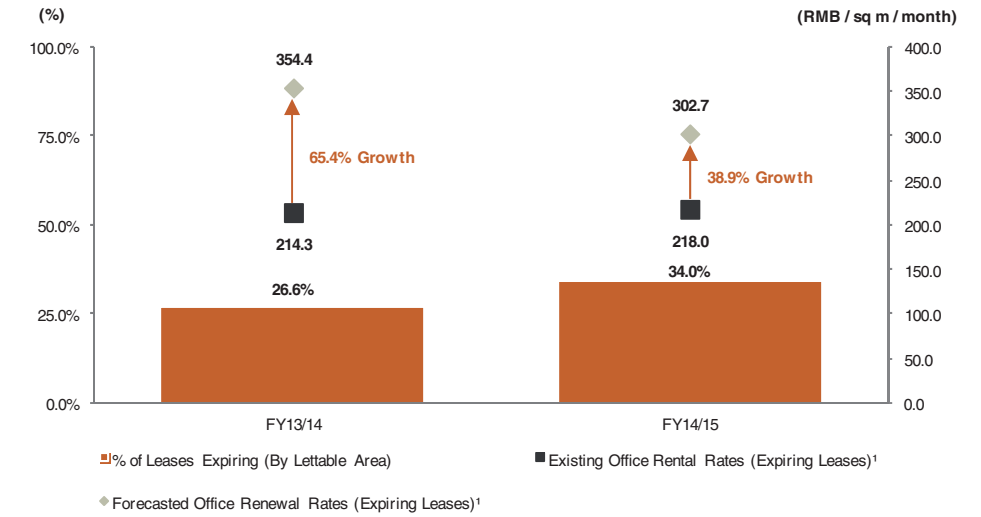
1 Festival Walk including the office component has a WALE of 2.4 years by Gross Rental Income.

2 "**Committed**" means that the tenants for these expiring leases have already signed new leases or accepted legally binding letters of offer with the Manager which will come into effect following the expiry of the current lease agreements, as at 29 January 2013.

3 This growth refers to the rental reversion for leases expiring in FY13/14 and FY14/15 (as computed based on the growth in the rental rates from the average existing rental rates to the average forecasted renewal rental rates).

Robust Organic Growth Potential – Gateway Plaza



Note:

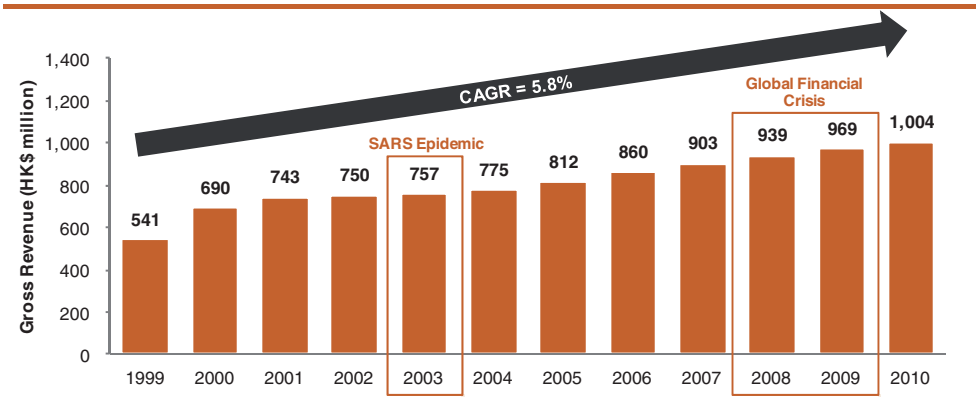
(1) The increase in office forecast renewal rates for FY14/15 is lower due to leases with anchor tenants which are renewed at a discount to market office rental rates.

(3) Stable and resilient portfolio

(A) Track record of consistent outperformance

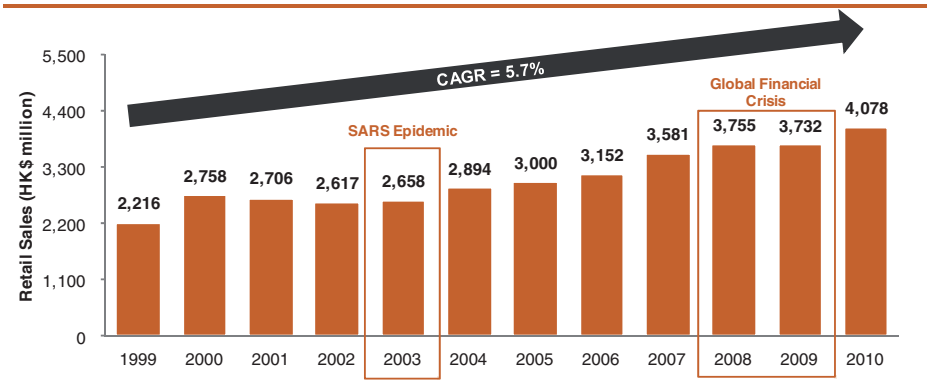
(i) ***Festival Walk*** – MGCCT derives 76.4% and 75.3% of total valuation and Gross Revenue (as defined herein) for FY13/14 respectively from Festival Walk. The property has demonstrated resilient performance since opening in 1998 and has enjoyed almost 100% occupancy since 2000 despite the economic downturns, including the Severe Acute Respiratory Syndrome ("**SARS**") epidemic in Hong Kong in 2003 and the global financial crisis from 2008 to 2009. In addition, Festival Walk's Gross Revenue has increased every year from 1999 to 2010, resulting in a compounded annual growth rate ("**CAGR**") of 5.8% for the entire time period, even though the overall performance of retail sales in Hong Kong was adversely affected during the economic downturns. This shows both stability and outperformance over market by Festival Walk.

Resilient Gross Revenue Growth



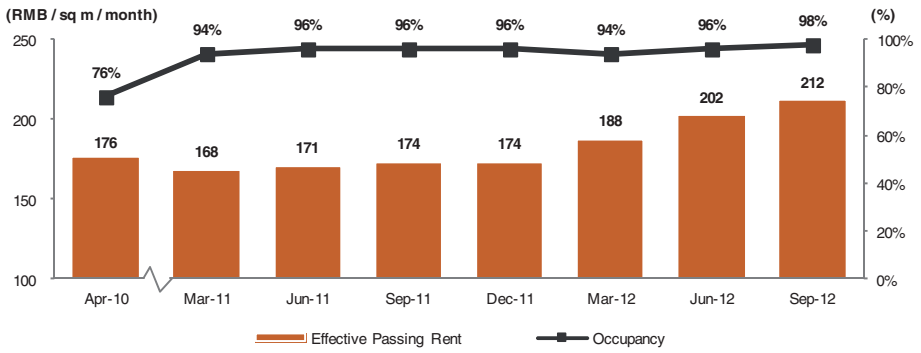
From 1999 to 2010, Festival Walk's retail sales growth had a CAGR of 5.7%.

Consistent Retail Sales Growth



(ii) ***Gateway Plaza*** – MGCCT also benefits from the strong inherent organic growth potential of Gateway Plaza. Under the Sponsor's active asset management efforts, Gateway Plaza's performance has seen a marked turnaround from an occupancy rate of approximately 76% at the time of acquisition in April 2010 to consistently above 90% from March 2011 onwards. Furthermore, despite a decrease in year-on-year GDP growth[1] for China from 8.1% in the first quarter of 2012 as compared to 2011, to 7.7% in the third quarter of 2012 as compared to 2011, occupancy rate increased from 94% to 98% over the corresponding period. The average effective passing rental rates for Gateway Plaza have also increased significantly since April 2010 by 20.3% to RMB212 per sq m per month in September 2012. Going forward, the Manager anticipates further rental growth potential for Gateway Plaza based on the tight rental market as well as locked-in tenancy terms[2], and expects NPI to grow by 13.3% from the Projection Year 13/14 to the Projection Year 14/15.

Improving Effective Passing Rental Rates(1) and Occupancy for Gateway Plaza(2)(3)



Notes:

(1) "Effective Passing Rental Rates" means the Passing Rent after adjusting for rent free incentives.

(2) As at the end of corresponding month.

(3) The break in the chart between April 2010 and March 2011 is to show the effects of the improvements in the management of the Property which the Sponsor made following the acquisition of Gateway Plaza.

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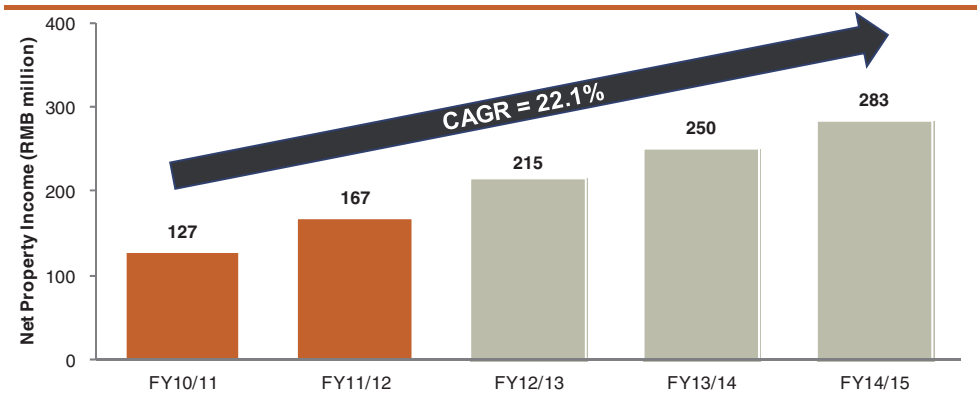
1 **Source:** National Bureau of Statistics of China. The relevant data can be found on the following website: <www.stats.gov.cn/english/statisticaldata/Quarterlydata/> as at the Latest Practicable Date. National Bureau of Statistics of China has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by National Bureau of Statistics of China is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

2 The term "**locked-in tenancy terms**" refers to commercial tenancy terms as agreed between the tenant and the landlord per the signed tenancy agreements, including built-in rental escalation from step-up structures in Base Rent for some of the leases which can lead to NPI growth.

Robust Net Property Income Growth

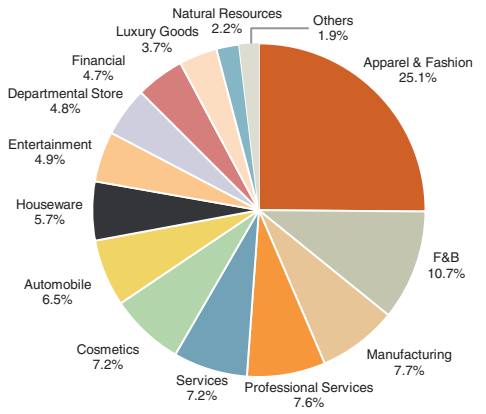


(B) Diversified and high quality tenant base

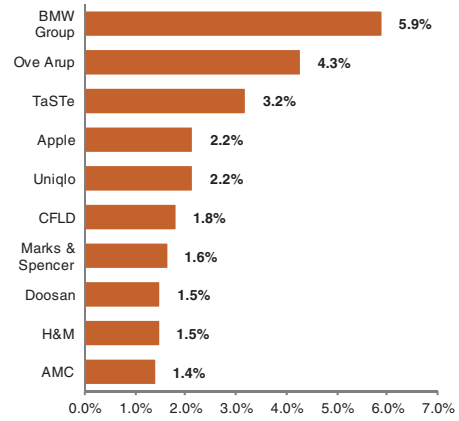
The Properties have a diverse and high quality tenant base that operates across a number of key sectors in both the retail and office space. The IPO Portfolio had 287 tenants as at 30 November 2012, which includes tenants that are leaders in their respective sectors, for example, Apple, H&M, Marks & Spencer, Ove Arup, Prudential and Uniqlo in Festival Walk and Aviva-Cofco, Bank of China, BASF, the BMW Group, Continental Automotive, Posco, Terex, and United Airlines in Gateway Plaza. No single tenant accounts for more than 5.9% of Gross Rental Income in the IPO Portfolio for the month of November 2012.

IPO Portfolio (By Gross Rental Income for the month of November 2012)

Trade Sector



Top 10 Tenants



(4) Unique exposure to the first and only commercial REIT to benefit from both the robust Hong Kong and China commercial markets

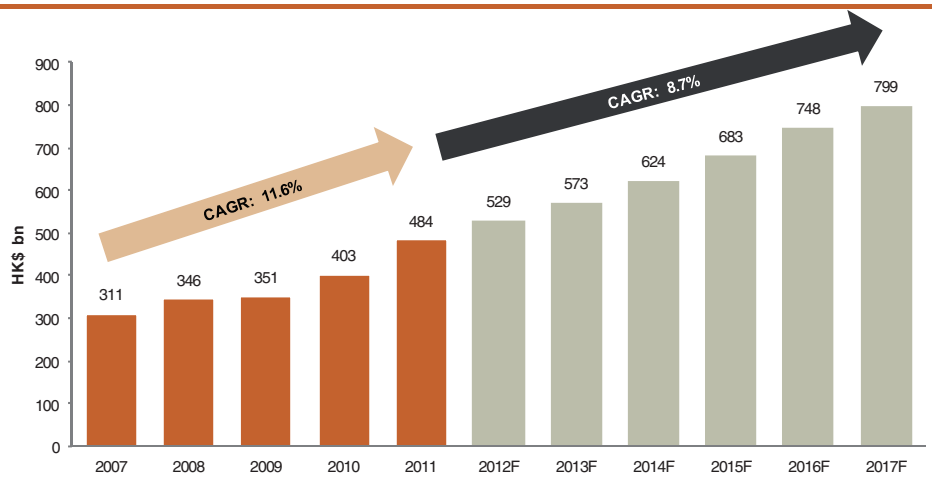
Upon listing, MGCCT will be one of the largest commercial REITs in Asia (excluding Japan) and the only REIT with commercial properties located in both Hong Kong and China. MGCCT will benefit from strong retail sales and decentralised office demand in Hong Kong and at the same time have exposure to the favourable market dynamics of strong leasing demand and limited office supply in Beijing and subsequently other major cities in China.

(A) Hong Kong

(i) Strong retail outlook

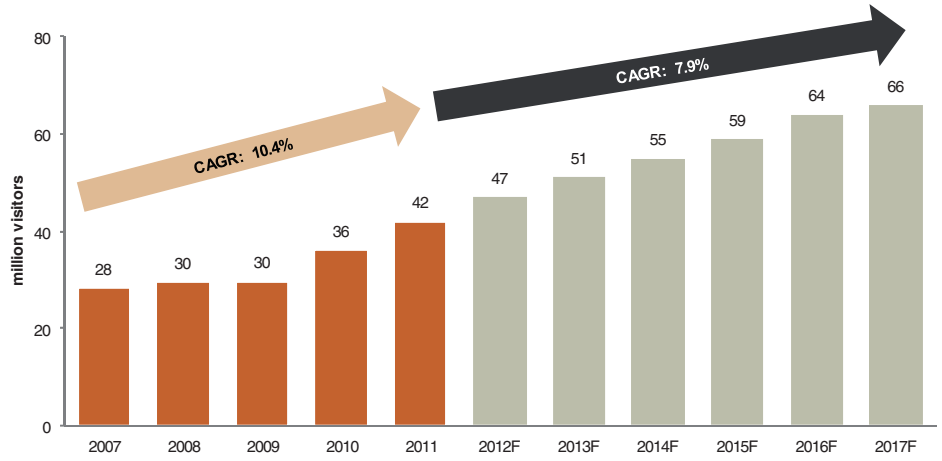
The Hong Kong retail property market outlook continues to be robust with retail sales expected to grow at a projected CAGR of 8.7% from 2011 to 2017 driven by strong domestic demand and increasing visitor arrivals from Chinese tourists, according to Urbis. This optimistic retail outlook is further strengthened by the increase in total visitor expenditure on "shopping items" from approximately 11.6% of total retail sales in 2000 to approximately 32.9% by 2011, according to Savills. Retail sales turnover for Festival Walk grew at a CAGR of 5.7% during the period of 1999 to 2010, and is expected to grow at a CAGR of 5.8% from HK$4.85 billion in 2012 to HK$6.43 billion in 2017, according to Urbis.

Strong Hong Kong Retail Sales Growth



Source: Urbis

Supported by Increasing Visitor Arrivals



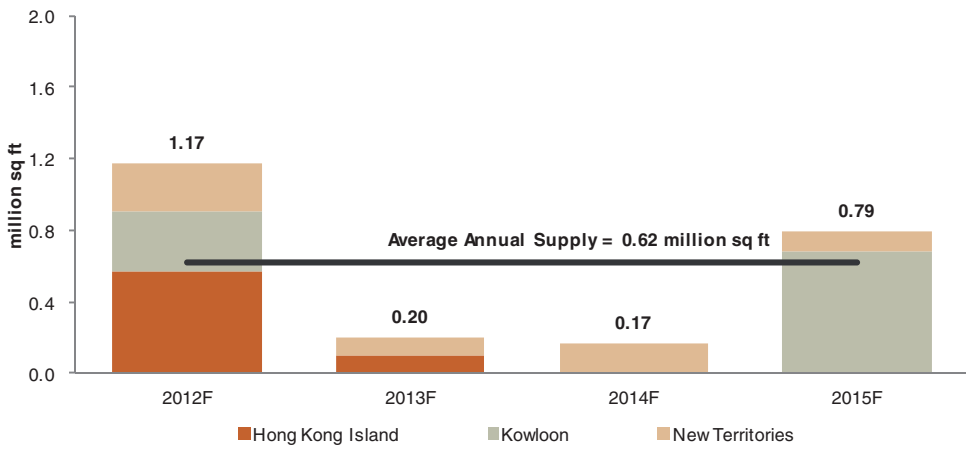
Source: Urbis

(ii) Limited supply of new retail space

In addition to the strong demand fundamentals supported by growing domestic and tourist spending, there is limited new retail supply in Hong Kong according to Savills over the next four years, which will continue to drive retail rental rates upwards. According to Savills, private commercial supply averaged approximately 2.0 million sq ft per annum between 1980 and 2011. Going forward, an average of 0.6 million sq ft of new retail space will be completed between 2012 to 2015, of which approximately 27% will be located in the New Territories which mainly comprises the retail podiums of large residential estates, catering to mostly non-discretionary spending and therefore does not compete directly with Festival Walk. Kowloon is expected to account for 28.6% of new retail space in 2012 and 86.5% in 2015. There is no supply of new retail space expected in Kowloon in 2013 and 2014.

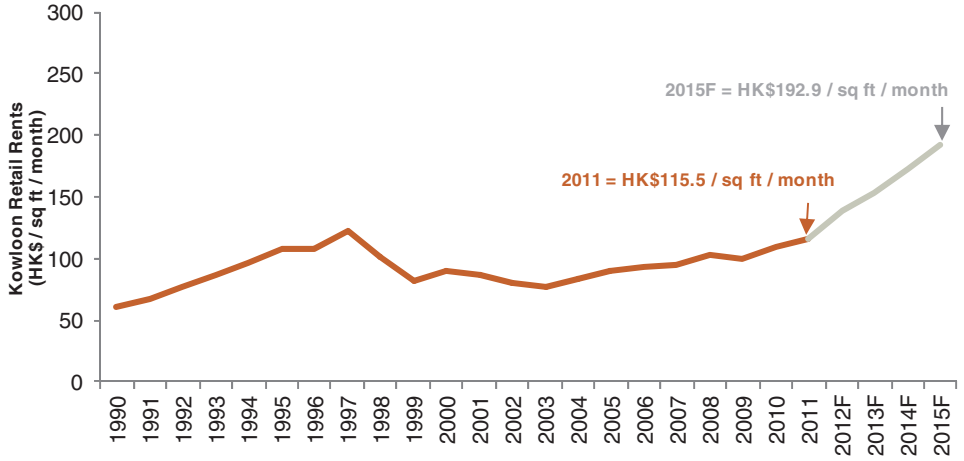
Based on the demand and supply dynamics, Kowloon retail rents are expected to grow on average 11.6% per annum from 2012 to 2015, according to Savills.

Limited Supply of New Retail Space



Source: Savills

Kowloon Retail Rents Continue to Increase

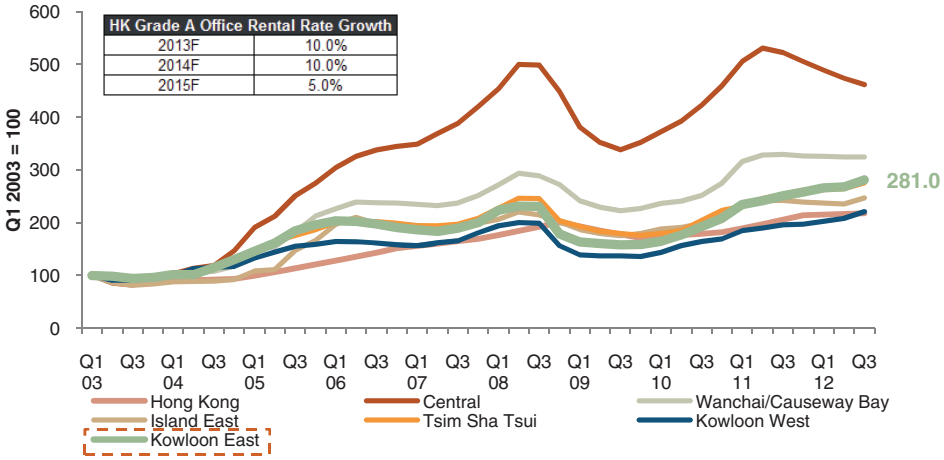


Source: Savills

(iii) Increasing demand for decentralised office space

The office tower of Festival Walk, which has enjoyed close to 100% occupancy since 2000, is expected to continue to benefit from the growth of rental rates for decentralised office space given the trend of tenants relocating from the Hong Kong CBD to non-CBD districts such as Kowloon East for more cost-effective but similarly high quality office space. The overall Kowloon East area, which is a proxy for Festival Walk's office tower, has experienced robust growth with an approximately 9% increase in rental rates in the first three quarters of 2012, according to Savills. Savills expects the overall Hong Kong Grade A office rental rates to increase by approximately 10%, 10% and 5% in 2013, 2014 and 2015, respectively.

Growth in Decentralised Office Rental Rates in Hong Kong



HK Grade A Office Rental Rate Growth

2013F	10.0%
2014F	10.0%
2015F	5.0%

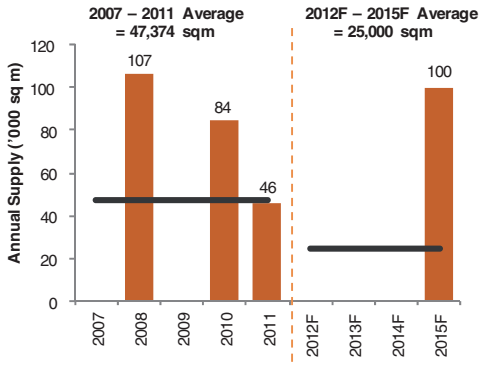
Source: Savills

(B) Beijing

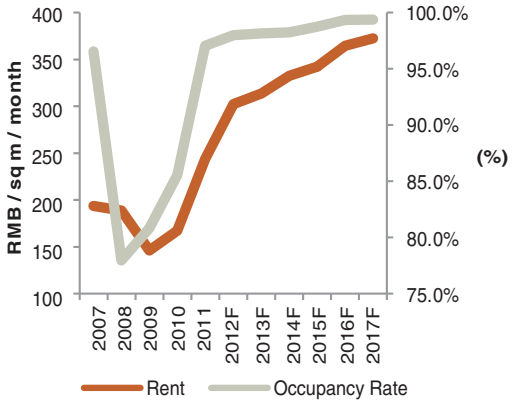
(i) Strong leasing demand

The Beijing Grade A office market has seen demand outstripping supply since 2010 which has led to a historically low vacancy rate of 3.5% as at 30 September 2012, according to Colliers. This has continued to drive overall Beijing office rental rates upwards which have increased at a CAGR of 29.0% from RMB165 per sq m per month in 2009 to RMB274 per sq m per month in 2011.

Limited Supply in Lufthansa Area



Increasing Rents Driven by High Occupancy in Lufthansa Area

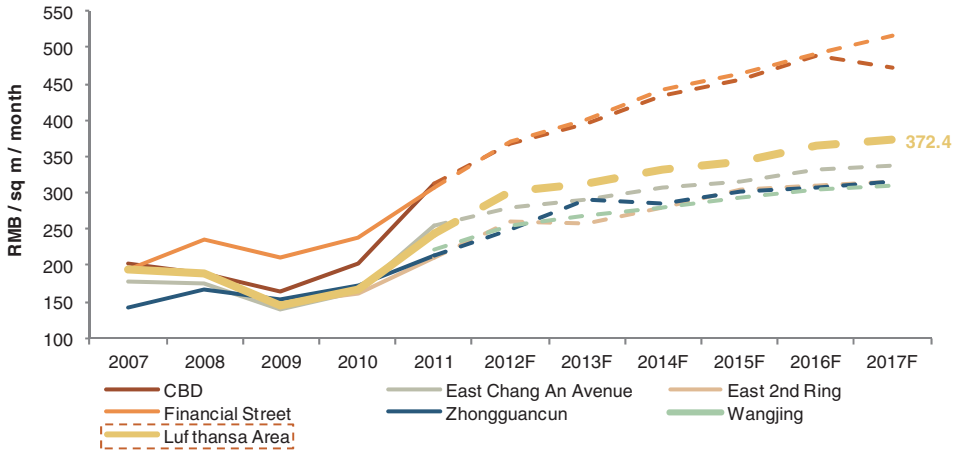


Note: Charts derived from data provided by Colliers

(ii) Limited office supply

The pipeline supply of Grade A office space for lease in Beijing is expected to be 0.9 million sq m in 2013, 2014 and 2015 combined, with only 10.8% of the new supply located in the Lufthansa Area, further driving the strong demand for Grade A office space at Gateway Plaza. This is expected to keep vacancy rates low and continue to drive the strong increase in rental rates for office space in Beijing over the next few years. The Lufthansa Area has experienced an increase in rental rates at 6.0% CAGR from 2007 to 2011 and is expected to grow at 7.3% CAGR from 2011 up to 2017, according to Colliers.

Strong Rental Growth for the Beijing Office Market



Note: Chart derived from data provided by Colliers

(5) Experienced Management and Committed Sponsor with Proven Track Record

(A) Expertise in real estate capital management, including origination, acquisition and operations

The proven track record of the Sponsor in real estate capital management is, among other things, reflected in the performance of Mapletree Logistics Trust ("**MLT**"), a REIT listed on the SGX-ST and managed by a wholly-owned subsidiary of the Sponsor. Since its listing on 28 July 2005, MLT has provided attractive returns to its unitholders and made yield accretive acquisitions. MLT's portfolio size has grown by approximately 10 times from its IPO portfolio value of S$422.0 million at the time of its IPO (comprising 15 logistics assets in Singapore) to approximately S$4.1 billion (comprising 110 logistics assets in Singapore, Hong Kong, China, Malaysia, Japan, South Korea and Vietnam) as at 31 December 2012. MLT traded at a unit price of 68.4% above the IPO price as at 31 December 2012, and a premium of 27.2% to net asset value as at 31 December 2012 driven by year-on-year DPU growth of 2.8%[1] for the nine-month period ended 31 December 2012.

The successful S$938 million and S$950 million listings of Mapletree Industrial Trust ("**MIT**") and Mapletree Commercial Trust ("**MCT**") on 21 October 2010 and 27 April 2011 by the Sponsor respectively, are a further testament to the Sponsor's track record of delivering value to investors. Each of MIT and MCT was the largest REIT IPO in Singapore's history at the time of its respective listings. MIT and MCT traded at a unit price of 46.2% and 38.1% above their respective IPO price as at 31 December 2012 and a premium of 33.3% and 15.2% to their respective net asset value as at 31 December 2012 driven by year-on-year DPU growth of 11.0%[1] and 15.7%[2] for the nine-month period ended 31 December 2012 respectively.

In addition to the public listed funds, the Sponsor has been active in originating, structuring and growing other private real estate funds. These include the Mapletree India China Fund Ltd. ("**MIC**"), the Mapletree Industrial Fund Ltd ("**MIF**"), the CIMB-Mapletree Real Estate Fund 1 ("**CMREF 1**") and the Mapletree Real Estate Mezzanine Fund 1 ("**MREM**") (which have since closed).

The Manager believes that Unitholders will benefit from the experience of the management teams of the Manager and the Property Manager in fund, asset and property management in the Asian commercial real estate market, with the key management collectively having over 100 years of real estate and finance experience. (See "The Manager and Corporate Governance – The Manager of MGCCT – Executive Officers of the Manager – Experience and Expertise of the Executive Officers of the Manager" and "The Manager and Corporate Governance – The Property Manager – Experience and Expertise of the Directors and Key Personnel of the Property Manager" for further details of the expertise and experience of the professional management team of the Manager and the Property Manager, respectively.)

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1 Comparing against the nine-month period ended 31 December 2011.

2 Comparing against the pro forma period from 1 April 2011 to 31 December 2011, assuming that MCT's IPO occurred on 1 April 2011.

Asia's Leading Developer, Investor and Capital Manager in Real Estate

Asset Portfolio

- Presence in seven countries and offices in 15 cities in Asia with 1,400[1] staff in the region
- S$20.5[2] billion of owned and managed real estate assets
- S$7.4[2] billion funds under management across six platforms – three public REITs & three private equity funds

Development of Mapletree Group (as defined herein)

Initial Stages

2000
- Incorporation of MIPL to manage PSA's S$2.6 billion real estate portfolio
- Portfolio comprised mostly aging assets and undeveloped land

Trans - formation

2004 – 2012
- Capital management growth model – Developer, Investor and Capital Manager
- Precinct rejuvenation
- Listing of 3 REITs – MLT, MIT, MCT
- Launch of 5 private funds – MREM, CMREF1, MIF, MITP, MIC

Present MIPL

2012
- HarbourFront & Alexandra precincts rejuvenated
- Portfolio consists of 3 REITs, 3 private funds; Funds under management of S$7.4[2] billion

Future Strategy

Beyond 2012
- Scaling up
- Broaden regional exposure

Notes:

(1) As at 30 September 2012. The number of staff includes non-executives.

(2) As at 30 September 2012. The private funds under management are calculated net of equity returned and based on ownership of management company and the NAV of REITs include perpetual securities.

(B) Proven ability of enhancing the value of the Properties

As a testament to its successful management track record, the Sponsor has significantly improved the asset operational performance of Gateway Plaza, since its acquisition by MIC in April 2010.

(i) Gateway Plaza

Under the Sponsor's active asset management efforts, the overall performance of Gateway Plaza in terms of occupancy levels and rental rates has improved significantly. For example, the Sponsor undertook asset enhancement initiatives to remove unproductive internal staircase space to create more efficient space which allowed previously unused space to be leased out as individual floor space or sub-divided units. Such subdivided units not only yielded higher effective rents but increased the attractiveness to prospective tenants, contributing to the increase in occupancy. (See "Key Investment Highlights – Stable and resilient portfolio – Track record of consistent outperformance – Gateway Plaza" for further details.)

(ii) Festival Walk

For Festival Walk, the Sponsor undertook a re-mix of the tenants and introduced a luxury watches and jewellery section on Lower Ground 2 to target the Chinese tourist segment, as part of the management's constant optimisation of the tenant mix.

Watches and Jewellery Section

Breguet

Piaget

Rolex

Apple also opened their store in Festival Walk in September 2012 which is the first and only one in Kowloon. To facilitate the opening of the Apple store, a reconfiguration of some of the premises (including the reallocation of space to nine tenants) was necessary. The reconfiguration, which commenced in November 2011, will be completed in two phases and is expected to be completed by the third quarter of 2013. It is expected to see a 25% increase in revenue in relation to the reconfigured space (excluding void and rent free period) and this reconfiguration is funded from the operating cashflow of Festival Walk (2011) Limited. 6.1% of the total Lettable Area for the retail portion of Festival Walk is affected during the reconfiguration period.

Opening of Apple Store at Festival Walk

(C) Experience in the Greater China region

The Sponsor (either directly or indirectly through its sponsored private funds/REITs) has been actively investing, developing, operating and managing assets in Hong Kong and China since 2005.

(i) Hong Kong

The Sponsor opened its Hong Kong office in 2005. It has 246 employees (including full-time and part-time staff) as at 31 December 2012. As at 30 September 2012, the Sponsor's assets under management in Hong Kong are worth approximately HK$25 billion with a total GFA of approximately 3.5 million sq ft. The team in Hong Kong now includes the management team responsible for the strategic direction and day-to-day operations of Festival Walk. Approximately half of the Festival Walk staff team has more than 10 years of experience each working in Festival Walk, ensuring continuity in management of the property as well as retaining networks previously established with tenants and suppliers in order for the property to continue performing at its optimal level.

As part of the Manager's responsibilities, certain investment and asset management personnel will continue to be based in the Hong Kong office to source for new acquisitions and manage the assets in Hong Kong and China. The personnel in the management team who were involved in the acquisition of Festival Walk by the Sponsor in August 2011 and overseeing the asset management works for Festival Walk will continue to be involved in the management of Festival Walk. This will further reinforce continuity and stability in the management of the property.

(ii) China

The Sponsor's first China office was incorporated in December 2000. As at 31 December 2012, the Sponsor has a total of seven offices, primarily focused on Tier 1 and Tier 2 cities in China with a fully integrated team of 399 employees. The Sponsor's operations for China are mainly run out of its Beijing and Shanghai offices. The Sponsor's China team benefits from having an experienced management team, comprising both expatriates as well as local staff with industry experience and track records in managing, investing in, developing and enhancing properties. As of 30 September 2012, its assets under management in China had grown to approximately S$2.2 billion. This growth demonstrates the team's ability to source, structure and execute acquisitions and extract value through active asset management, development and asset enhancements.

A clear demonstration of the Sponsor's ability to add value for investors is MIC. The US$1.15 billion 10-year fund was closed in September 2008 and funds were fully allocated by 2012 across seven investments (six in China), across various asset classes and stages of developments. MIC had divested an office building in Beijing in 2011, realising an internal rate of return[1] of 18.8% and 1.7 times equity multiple. Consistent with the Sponsor's demonstration of its alignment of interest with investors in the listed REITs sponsored by the Sponsor, the Sponsor holds 43.2% of MIC to ensure an alignment of interest with its fund investors.

(D) Alignment of interest between the Sponsor and Unitholders

(i) Substantial Sponsor Ownership

The Sponsor is committed to supporting and growing MGCCT over the long-term. The Sponsor will, immediately following the completion of the Offering, be the largest Unitholder, holding an aggregate of 35.0% of the total number of Units expected to be in issue (assuming the Over-Allotment Option is not exercised) or 32.0% of the total number of Units expected to be in issue (assuming the Over-Allotment Option is exercised in full), demonstrating its alignment of interest with Unitholders.

The Sponsor to date has never sold any units in its sponsored listed REITs – MLT, MIT and MCT (excluding the grant of over-allotment options in the IPOs of MLT, MIT and MCT) – and has on numerous occasions supported these listed vehicles in capital raisings as and when required.

1 After expenses, taxes and base fee but before carried interest. "**Carried interest**" refers to the investment advisory fee which the investment advisor to MIC is entitled to from the net proceeds of disposing or realising any investment held by MIC.

(ii) Management Fee structure based on Distributable Income and DPU growth to demonstrate the Manager's alignment of interest with Unitholders

The Management Fees (as defined herein) are structured to align the interest of the Manager to the Unitholders as the first Singapore REIT with the base and performance management fee structure based on Distributable Income (as defined herein) and DPU growth, respectively, instead of assets under management and property income which incentivises the Manager to grow DPU. Under the Trust Deed, the Manager is entitled to receive a base fee of 10.0% per annum of the Distributable Income (the "**Base Fee**"), as well as a performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee (as defined herein) in each financial year) multiplied by the weighted average number of Units in issue for such financial year (the "**Performance Fee**"). The Manager has also adopted an acquisition fee of 0.75% for acquisitions from Related Parties (as defined herein) and 1.0% for all other acquisitions. The Base Fee and Performance Fee will be fully paid in Units for the FY13/14 and FY14/15 to further align interest with Unitholders.

(6) Platform for Robust Growth

MGCCT provides investors with multiple avenues for growth:

(A) On-going active asset management;

(B) Asset enhancement initiatives; and

(C) Strategic acquisition growth

(A) On-going active asset management

The Manager will adopt a strategy to actively manage and enhance the Properties. The Manager's strategy for organic growth will be to actively manage the Properties and maintain consistently high levels of service performance through the provision of premium quality property management services.

Through such active asset management, the Manager seeks to actively refresh and reposition the tenancy mix, continue to do promotional events and develop and maintain strong relationships with tenants resulting in high tenant retention levels. This minimises vacancy periods and the associated interruptions in rental income as well as the costs associated with marketing and leasing space to new tenants. In particular, the Manager continually seeks to reposition Festival Walk's tenant and zoning mix to keep up with retail trends and attract new quality tenants to improve the mall profile and achieve high rental revenue. For example, the prime area on Lower Ground 1 was reconfigured and a tenant re-mix was undertaken in order to accommodate the opening of an Apple store in Festival Walk in 2012, which is the first and only one in Kowloon. Festival Walk achieved occupancy rates of close to 100% since 2000 and retention rates of approximately 72% and 80% for the seven months ending 31 March 2012 and six months ending September 2012, respectively, for the retail component of Festival Walk. The popularity of Festival Walk with tenants and shoppers will allow MGCCT to manage the tenant mix effectively.

(B) Asset enhancement initiatives

The Manager believes there are substantial opportunities to improve the Properties and that it will be able to achieve increases in rental revenue and occupancy rates via proactive retrofitting and refurbishment works including upgrading of existing facilities and reconfiguration of existing spaces for other income-generating opportunities or to achieve better efficiency and higher rental potential.

(i) Gateway Plaza

Currently, the Manager believes that there are opportunities to increase the F&B offerings for Gateway Plaza to better serve the tenants by creating additional space for F&B outlets in the basement, enhancing the Level 1 lobby to include another café and improving access to the Level 2 retail outlets. The Manager also intends to install a pair of lifts to improve access from the underground car parks to the atrium levels, which will also enhance further the property's attractiveness to existing and prospective tenants.

Existing Gateway Plaza Lobby | **Proposed Plans for Gateway Plaza Lobby Post Asset Enhancement Initiatives**

(ii) Festival Walk

For Festival Walk, the Manager plans to change the use of some office space on the third level of the office tower into semi-commercial use, such as banks and beauty centres, so as to increase the marketability of the office space for higher rental. Accordingly, an application has been made to the Hong Kong Government to amend the Master Layout Plan to allow the third level of the office tower to be leased to semi-commercial tenants for this purpose and is awaiting approval. In addition, several new kiosks have been placed in the mall to optimise the use of space in the mall and to increase rental revenue.

Before – Vacant space

After – City Chain Kiosk

(C) Strategic acquisition growth

The Manager also intends to pursue third party acquisition opportunities available to MGCCT to grow MGCCT's asset portfolio and maintain an attractive cash flow and yield profile for Unitholders. Acquisition opportunities will be evaluated in accordance with the Manager's strategy of investing in income-producing real estate located in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes).

In evaluating future acquisition opportunities, the Manager intends to focus on the following investment criteria with respect to a property under consideration:

(i) risk-adjusted return thresholds taking into account respective country risk and asset specific risk and maintaining or enhancing MGCCT's distribution yield to Unitholders;

(ii) tenant mix and occupancy characteristics;

(iii) location; and/or

(iv) building and facilities specifications.

The Manager will be able and is expected to leverage on and benefit from the network of the Sponsor for a pipeline of assets that MGCCT could potentially acquire should these assets meet MGCCT's investment criteria.

The Sponsor has an active real estate presence and exposure in the Greater China region which will support MGCCT's acquisition growth. MGCCT will also benefit from the Sponsor's proven track record and network in the Greater China region. In addition, the Sponsor will provide MGCCT with a right of first refusal ("**Sponsor ROFR**") over completed income-producing real estate located in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), subject to certain conditions. (See "Certain Agreements Relating to Mapletree Greater China Commercial Trust and the Properties – Right of First Refusal Agreement" for further details.)

KEY STRATEGIES

The Manager plans to achieve its objective through the following key strategies:

- **Active asset management strategy** – The Manager will actively manage MGCCT's property portfolio to achieve growth in revenue and Net Property Income and maintain optimal occupancy levels. The Manager will also look to drive organic growth and build strong relationships with the tenants of the Properties.

- **Active asset enhancement strategy –** The Manager will seek property enhancement opportunities to support and enhance organic growth.

- **Acquisition growth strategy, supported by the Sponsor's experience in the Greater China region and the Sponsor ROFR** – The Manager will achieve portfolio growth through the acquisition of quality income-producing commercial properties that fit within MGCCT's investment strategy to enhance the return to Unitholders and improve future income and capital growth.

- **Capital and risk management strategy** – The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions, and utilise hedging strategies where appropriate to manage interest rate volatility and foreign exchange exposure for MGCCT.

CERTAIN INFORMATION ON THE PROPERTIES

The table below sets out certain information on the Properties as at 30 November 2012, with independent valuations by the Independent Valuers (as defined herein), being as at 31 December 2012.

		Festival Walk	Gateway Plaza	Portfolio
Usage		Office and retail	Office and retail	–
GFA (sq ft)[1]	**Overall**	1,208,754	1,145,882	2,354,636
	Office component	228,665	1,019,503	1,248,168
	Retail component	980,089	126,379	1,106,468
Lettable Area (sq ft)[1][2]	**Overall**	793,728	1,145,882	1,939,610
	Office component	213,982	1,019,503	1,233,485
	Retail component	579,746	126,379	706,125
Committed Occupancy as at 30 November 2012[3]		100.0%	98.3%	99.0%
Number of Tenants as at 30 November 2012		216[5]	71	287
Car Park Spaces		830	692	1,522
Gross Revenue: FY13/14 (S$ million)		176.4	57.8	234.1
Net Property Income: FY13/14 (S$ million)		136.5	49.2	185.7
Independent appraisal (S$ million) as at 31 December 2012		Knight Frank: 3,296 DTZ: 3,344	Vigers: 1,016 CBRE: 1,017	4,312[4]
Independent appraisal (local currency million) as at 31 December 2012		Knight Frank: HK$20,700 DTZ: HK$21,000	Vigers: RMB5,165 CBRE: RMB5,170	–
Purchase Consideration (S$ million)		3,296	1,013	4,309
Retail Passing rent (local currency/month) for November 2012		HK$109.3 per sq ft	RMB262.8 per sq m	–
Office Passing rent (local currency/month) for November 2012		HK$30.7 per sq ft	RMB235.1 per sq m	–
Government Lease Term/Land Use Right Expiry		30 June 2047	25 February 2053	–
Completion Date		November 1998	August 2005	–
WALE by Lettable Area (years)		2.7	2.2	2.4
WALE by Gross Rental Income (years)		2.4	2.4	2.4

Notes:

(1) Excludes underground car park areas which have a total GFA of 341,601 sq ft. (See "Certain Defined Terms and Convention" for details regarding the computation of GFA.)

(2) Lettable Area is the area that is to be leased and for which rent is payable as stipulated in the respective tenancy agreements. The efficiency ratio (being the ratio of the lettable area and the GFA) for Festival Walk's retail component is 59% which is quite common ratio for retail malls in Hong Kong. In addition, there is a lot of space within Festival Walk's retail component that is designated as walk ways to the MTR station and to the bus terminus. Such walk ways must be available for public use at any time of the day and it is illegal to lease out these spaces.

(3) "**Committed Occupancy**" means the occupancy rate based on all current leases in respect of the Properties, including legally binding letters of offer which have been accepted for vacant units.

(4) Based on the lower of the two independent appraised values for each property.

(5) Number of tenants for Festival Walk excludes The Glacier as it is wholly-owned by MGCCT.

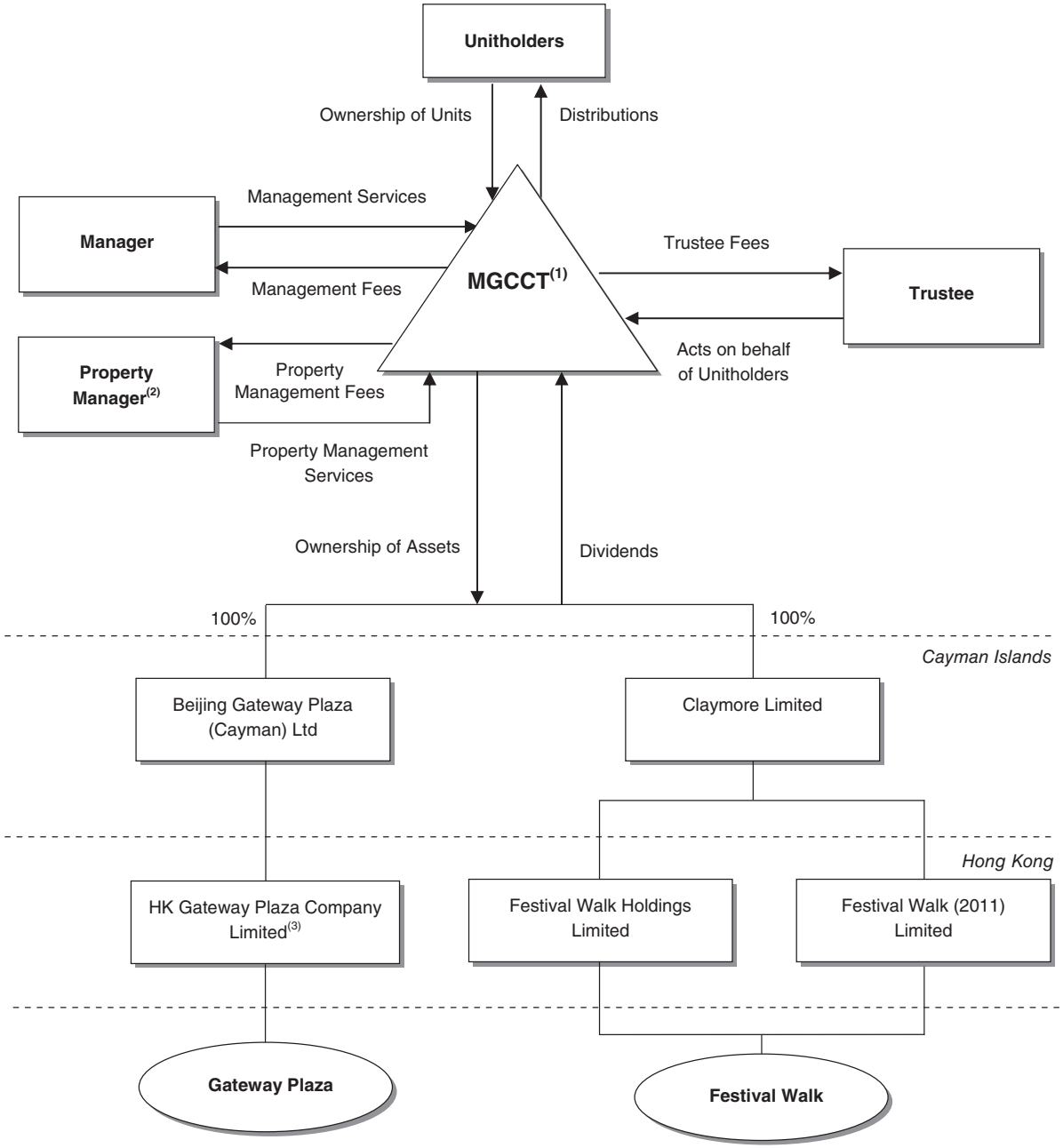
STRUCTURE OF MGCCT

Mapletree Greater China Commercial Trust Management Ltd. is the manager of MGCCT. The Manager has general powers of management over the assets of MGCCT. The Manager's main responsibility is to manage MGCCT's assets and liabilities for the benefit of Unitholders. The Manager will set the strategic direction of MGCCT and give recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of assets of MGCCT in accordance with its stated investment strategy. The Manager is a wholly-owned subsidiary of the Sponsor.

Mapletree Greater China Property Management Limited is the property manager of MGCCT. The Property Manager is responsible for providing property management, lease management, project management, marketing and property accounting services for the properties in MGCCT's portfolio.

MIPL is the sponsor of MGCCT. (See "The Sponsor" for further details.)

The following diagram sets out the structure of MGCCT:



Notes:

(1) The Trustee holds 100.0% of Mapletree Greater China Commercial Treasury Company (HKSAR) Private Limited (the "**Hong Kong Treasury Company**"). The Hong Kong Treasury Company is a SPV incorporated in Hong Kong and owned by MGCCT for the purposes of (i) lending, borrowing or raising money, (ii) carrying out foreign exchange and interest rate hedging activities, financial futures trading, financial derivatives trading and other risk management activities in foreign currency or (iii) any other treasury management functions for and on behalf of MGCCT.

(2) The Property Manager is appointed pursuant to the Master Property Management Agreement (as defined herein) entered into between the Manager, the Trustee and the Property Manager.

(3) HK Gateway Plaza Company Limited holds 100.0% of Gateway Plaza Property Operations (Beijing) Limited, a company incorporated in China. Gateway Plaza Property Operations (Beijing) Limited is established to facilitate the registration of tenancy agreements between HK Gateway Plaza Company Limited and tenants of Gateway Plaza. HK Gateway Plaza Company Limited pays Gateway Plaza Property Operations (Beijing) Limited the costs incurred in rendering such services, and an administrative cost equivalent to 5.0% of such costs.

CERTAIN FEES AND CHARGES

The following is a summary of the amount of certain fees and charges payable by the Unitholders in connection with the subscription for or trading of the Units (so long as the Units are listed):

	Payable by the Unitholders directly	Amount payable
(a)	Subscription fee or preliminary charge	N.A.(1)
(b)	Realisation fee	N.A.(1)
(c)	Switching fee	N.A.(1)
(d)	Any other fee	Investors in the Placement Tranche may be required to pay brokerage of up to 1.0% of the Offering Price. For trading of the Units, investors will pay prevailing brokerage commissions (if applicable) and clearing fee for trading of Units on the SGX-ST at the rate of 0.04% of the transaction value, subject to a maximum of S$600.00 per transaction and Goods and Services Tax ("**GST**") chargeable thereon. An administration fee is payable for each application made through automated teller machines ("**ATM**"), the internet banking websites of the Participating Banks (as defined herein) or the mobile banking interface of DBS Bank Ltd..

Note:

(1) As the Units will be listed and traded on the SGX-ST, and Unitholders will have no right to request the Manager to redeem their Units while the Units are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Units.

The following is a summary of certain fees and charges payable by MGCCT in connection with the establishment and on-going management and operation of MGCCT:

<table>
<tr><th></th><th>Payable by MGCCT</th><th>Amount payable</th></tr>
<tr><td>(a)</td><td>Management Fee (payable to the Manager or its nominee)</td><td>

Base Fee
10.0% per annum of the Distributable Income.

Performance Fee
25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the Performance Fee is payable may be less than the DPU in any preceding financial year.[1]

For illustrative purposes only, the following sets out an example of the computation of the Performance Fee based on an assumed DPU of 5.00 cents for Year 1 and 5.10 cents for Year 2 and a weighted average number of Units of 1,000,000,000:

<table>
<tr><th></th><th>Year 1</th><th>Year 2</th></tr>
<tr><td>DPU (S$ cents)(1)</td><td>5.00</td><td>5.10</td></tr>
<tr><td>Weighted average number of Units (million)</td><td>–</td><td>1,000</td></tr>
<tr><td>Performance Fee (S$ million)</td><td>–</td><td>0.25(2)</td></tr>
</table>

Notes:

(1) Calculated before accounting for the Performance Fee in the financial year.

(2) The Performance Fee is calculated based on the following computation: (0.051 – 0.050) x 1,000,000,000 x 25.0%.

</td></tr>
</table>

1 As an illustration, if the DPU is 5.20 cents in Year 1, 5.10 cents in Year 2 and 5.15 cents in Year 3, Performance Fee is payable in relation to Year 3 as the DPU for Year 3 exceeds Year 2, notwithstanding that the DPU for Year 3 is less than the DPU for Year 1.

	Payable by MGCCT	Amount payable
		For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income of MGCCT arising from the operations of MGCCT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the authorised investments of MGCCT but shall exclude any one-off income of MGCCT such as any income arising from any sale or disposal of (i) any Real Estate (whether directly or indirectly through one or more special purpose vehicles ("**SPVs**")) or any part thereof, and (ii) any investments forming part of the Deposited Property (as defined herein) or any part thereof.[1] No Performance Fee is payable for the Forecast Period 12/13 (as defined herein). For the Projection Year 13/14, the difference in DPU shall be the difference in actual DPU in such financial year with the projected DPU as set out in the Profit Forecast and Profit Projections. The Manager may elect to receive the Base Fee and Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). For the Forecast Period 12/13 (in relation to the Base Fee only as no Performance Fee is payable for the Forecast Period 12/13), the Projection Year 13/14 and the Projection Year 14/15, the Manager has elected to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units.
(b)	Trustee's fee	The Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time, and is presently charged on a scaled basis of up to 0.02% per annum of the Deposited Property. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.

1 The rationale for computing the DPU in the manner described above is to ensure that the measure of the Manager's performance is based on the recurring income of MGCCT arising from the operations as opposed to one-off income such as a sale or disposal of assets which may skew the DPU in a relevant financial year.

	Payable by MGCCT	Amount payable
(c)	Any other substantial fee or charge (*i.e.* 0.1% or more of MGCCT's asset value)	
	Payable to the Manager or its nominee	
	(i) Acquisition fee	0.75% for acquisitions from Related Parties and 1.0% for all other acquisitions of each of the following as is applicable (subject to there being no double-counting): • in relation to an acquisition (whether directly or indirectly through one or more SPVs of MGCCT) of any real estate, the acquisition price of any real estate purchased by MGCCT, plus any other payments[1] in addition to the acquisition price made by MGCCT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of MGCCT's interest); • in relation to an acquisition (whether directly or indirectly through one or more SPVs of MGCCT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any vehicle holding directly or indirectly the real estate purchased by MGCCT, plus any other payments[1] made by MGCCT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of MGCCT's interest); or • the acquisition price of any investment by MGCCT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate. For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion.

1 "**Other payments**" refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

	Payable by MGCCT	Amount payable
		For the purpose of this acquisition fee, equity interests include all classes and types of equity securities relating to real estate which shall, for the avoidance of doubt, exclude any investment in debt securities of any property corporation or other SPV owning or acquiring real estate. The acquisition fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect). Under the Property Funds Appendix (as defined herein), in respect of any acquisition of real estate assets from interested parties, such a fee should be in the form of Units issued by MGCCT at prevailing market price(s). Such Units should not be sold within one year from the date of their issuance. No acquisition fee is payable for the acquisition of the Properties. Any payment to third party agents or brokers[1] in connection with the acquisition of any assets of MGCCT shall be paid by the Manager to such persons out of the Deposited Property of MGCCT or the assets of the relevant SPV, and not out of the acquisition fee received or to be received by the Manager.
	(ii) Divestment fee	0.5% of each of the following as is applicable (subject to there being no double-counting): • the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by MGCCT (plus any other payments[2] in addition to the sale price received by MGCCT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of MGCCT's interest);

1 These third party agents or brokers could be property agents who are engaged for the purpose of acquiring assets or auctioneers (where assets are to be acquired through auction sales).

2 "**Other payments**" refer to additional payments to MGCCT or its SPVs for the sale of the asset, for example, where MGCCT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

	Payable by MGCCT	Amount payable
		• in relation to a divestment (whether directly or indirectly through one or more SPVs of MGCCT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by MGCCT, plus any other payments[1] received by MGCCT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of MGCCT's interest); or • the sale price of any investment by MGCCT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPVs owning or acquiring real estate. For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion. For the purpose of this divestment fee, equity interests include all classes and types of equity securities relating to real estate which shall, for the avoidance of doubt, exclude any investment in debt securities of any property corporation or other SPV owning or acquiring real estate. The divestment fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect). Under the Property Funds Appendix, in respect of any sale or divestment of real estate assets to interested parties, such a fee should be in the form of Units issued by MGCCT at prevailing market price(s). Such Units should not be sold within one year from date of their issuance.

1 "**Other payments**" refer to additional payments to MGCCT or its SPVs for the sale of the asset, for example, where MGCCT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

	Payable by MGCCT	Amount payable
		Any payment to third party agents or brokers in connection with the disposal of any assets of MGCCT shall be paid by the Manager to such persons out of the Deposited Property of MGCCT or the assets of the relevant SPV, and not out of the divestment fee received or to be received by the Manager.
	Payable to the Property Manager	
	(iii) Property management fee	The Property Manager is entitled to the following fees on each property of MGCCT under its management: • 2.0% per annum of Gross Revenue for the relevant property (calculated before business tax for properties located in the PRC[1]); • 2.0% per annum of NPI for the relevant property (calculated before accounting for the property management fee in that financial period); and • where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider[2] . Such services shall include, but are not limited to, master planning work, retail planning work and environmental impact studies. The Manager may elect to pay the property management fee in cash or Units or a combination of cash and Units (as the Manager may in its sole discretion determine). For the Forecast Period 12/13, the Projection Year 13/14 and the Projection Year 14/15, the Manager has elected to pay 100.0% of the property management fee in the form of Units.

1 There is no equivalent business tax in Hong Kong.

2 For the avoidance of doubt, the 20% fee payable to the Property Manager is over and above the fees payable to such third party service provider.

	Payable by MGCCT	Amount payable
	(iv) Festival Walk staff costs reimbursement	The Property Manager takes over the centre management team of Festival Walk and also employs the persons to run The Glacier (which is the ice rink business of Festival Walk). The Property Manager is entitled (i) to be reimbursed for the cost of employing the centre management team of Festival Walk and the persons to run The Glacier (which is the ice rink business of Festival Walk) and (ii) to receive an administrative cost based on a margin of 3.0% of such employment cost[1] . This payment shall be made to the Property Manager in cash.
	(v) Marketing services commissions	The Property Manager is entitled to the following marketing services commissions: • up to one month's gross rent inclusive of service charge, for securing a tenancy of three years or less; • up to two months' gross rent inclusive of service charge, for securing a tenancy of more than three years; • up to 0.5 month's gross rent inclusive of service charge, for securing a renewal of tenancy of three years or less; and • up to one month's gross rent inclusive of service charge, for securing a renewal of tenancy of more than three years. The Property Manager is not entitled to the marketing services commissions if such service is (i) performed by staff of the asset holding company or (ii) performed by third party service providers[2] . The Manager may elect to pay the marketing services commissions in cash or Units or a combination of cash and Units (as the Manager may in its sole discretion determine).

1 The Property Manager is not in the position to unilaterally increase employment costs to its benefit since the total employment costs to be reimbursed to the Property Manager in any fiscal year have to be set out in the annual business plan and budget for Festival Walk to be pre-approved by the Trustee and the Manager before the start of that relevant fiscal year.

2 Where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20.0% of all fees payable to such third party service provider as further elaborated in the above paragraphs relating to the property management fee.

	Payable by MGCCT	Amount payable
	(vi) Project management fee	In relation to the development and redevelopment of a property (if not prohibited by the Property Funds Appendix or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on such a property, the Property Manager is entitled to a project management fee to be mutually agreed in writing between the Manager, the Trustee and the Property Manager. Such project management fee shall be subject to: • a limit of up to 3.0% of the total construction costs[1] ; and • (in the event that the project management fee is more than S$100,000) an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and reasonable range.[2] The Manager may elect to pay the project management fee in cash or Units or a combination of cash and Units (as the Manager may in its sole discretion determine).

1 "**Total construction costs**" means:

(i) construction cost based on the project final account prepared by the project quantity surveyor;

(ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;

(iii) the cost of obtaining all approvals for the project;

(iv) site staff costs;

(v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices; and

(vi) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices.

2 The Manager will disclose in the annual report of MGCCT (a) the project management fee in respect of each project (both the quantum and as a percentage of the total construction costs), (b) (if applicable) the identity of the independent quantity surveyor appointed by the Trustee upon recommendation by the Manager, and (c) (if applicable) the date of the opinion issued by such independent quantity surveyor stating that the project management fee is within market norms and reasonable range.

THE OFFERING

MGCCT	Mapletree Greater China Commercial Trust or MGCCT, a REIT established in Singapore and constituted by the Trust Deed.
The Manager	Mapletree Greater China Commercial Trust Management Ltd., in its capacity as manager of MGCCT.
The Sponsor	Mapletree Investments Pte Ltd.
The Trustee	DBS Trustee Limited, in its capacity as trustee of MGCCT.
The Offering	776,636,000 Units offered under the Placement Tranche and the Public Offer, subject to the Over-Allotment Option.
The Placement Tranche	511,279,000 Units offered by way of an international placement to investors, including institutional and other investors in Singapore other than the Sponsor and the Cornerstone Investors, pursuant to the Offering. The Units have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions as defined in and in reliance on Regulation S.
The Public Offer (including Reserved Units)	The Public Offer Units offered by way of a public offer in Singapore including the Reserved Units. 265,357,000 Units will be offered under the Public Offer.
Clawback and Re-allocation	The Units may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Global Coordinators (in consultation with the Manager, subject to the minimum unitholding and distribution requirements of the SGX-ST), in the event of an excess of applications in one and a deficit in the other.
Reserved Units	50,304,000 Units reserved for subscription by the directors, management, employees and business associates of the Sponsor and its subsidiaries. In the event that any of the Reserved Units are not fully subscribed for, they will be made available to satisfy excess applications (if any) under the Public Offer and/or the Placement Tranche.

Subscription by the Sponsor	Concurrently, but separate from the Offering, Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd., all of which are wholly-owned subsidiaries of the Sponsor, have each entered into a Sponsor Subscription Agreement to subscribe for an aggregate of 931,597,999 Units, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.
Subscription by the Cornerstone Investors	Concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into a subscription agreement to subscribe for an aggregate of 953,475,000 Units at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date. In the event that any one or more of the Cornerstone Investors fails to subscribe for and pay for the Cornerstone Units which they have committed to subscribe, the Offering may still proceed and subscribers of the Units will still be required to pay for and complete their subscriptions pursuant to the Offering. (See "Ownership of the Units – Information on Cornerstone Investors" for further details.)
Offering Price	S$0.93 per Unit.
Subscription for Units in the Public Offer	Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in Appendix I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom) where: (i) an application is rejected or accepted in part only; or (ii) the Offering does not proceed for any reason. For the purpose of illustration, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application under the Public Offer will have to pay S$930.00, which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events.

The minimum initial subscription is for 1,000 Units. An applicant may subscribe for a larger number of Units in integral multiples of 1,000.

Investors in Singapore must follow the application procedures set out in Appendix I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore". Subscriptions under the Public Offer must be paid for in Singapore dollars. No fee is payable by applicants for the Units, save for an administration fee for each application made through ATM, the internet banking websites of the Participating Banks or the mobile banking interface of DBS Bank Ltd..

Unit Lender

Moonstone Assets Pte. Ltd., a wholly-owned subsidiary of the Sponsor.

Over-Allotment Option

In connection with the Offering, the Joint Global Coordinators have been granted the Over-Allotment Option by the Unit Lender. The Over-Allotment Option is exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), in consultation with the other Joint Global Coordinators, in full or in part, on one or more occasions, only from the Listing Date but no later than the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 79,851,000 Units, representing 10.3% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 79,851,000 Units (representing 10.3% of the total number of Units in the Offering), at the Offering Price. Unless indicated otherwise, all information in this document assumes that the Over-Allotment Option is not exercised. (See "Plan of Distribution" for further details.)

The total number of Units in issue immediately after the close of the Offering will be 2,661,709,000 Units. The exercise of the Over-Allotment Option will not increase this total number of Units in issue. The total number of Units subject to the Over-Allotment Option will not exceed 10.3% of the total number of Units under the Placement Tranche and the Public Offer.

Lock-ups	The Sponsor, Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd. have each agreed to (i) a lock-up arrangement during the First Lock-up Period (as defined herein) in respect of its direct and indirect effective interest in the Lock-up Units and (ii) a lock-up arrangement during the Second Lock-up Period in respect of its direct and indirect effective interest in 50.0% of the relevant Lock-up Units, subject to certain exceptions. The Manager has also undertaken not to offer, issue, sell, contract to issue any Units, or make any announcements in connection with any of the foregoing transactions, during the First Lock-up Period, subject to certain exceptions. (See "Plan of Distribution – Lock-up Arrangements" for further details.) The Cornerstone Investors are not subject to any lock-up restrictions in respect of their Unitholdings.
Capitalisation	S$4,410,010,328 (see "Capitalisation" for further details).
Use of Proceeds	See "Use of Proceeds" and "Certain Agreements Relating to Mapletree Greater China Commercial Trust and the Properties" for further details.
Listing and Trading	Prior to the Offering, there was no market for the Units. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST: • all the Units comprised in the Offering; • all the Sponsor Units; • all the Cornerstone Units; • all the Units which may be issued to the Manager from time to time in full or part payment of the Manager's fees (including Units issued to the Manager for the acquisition fees and divestment fees) (see "The Manager and Corporate Governance – Manager's Management Fees" for further details); and • all the Units which may be issued to the Property Manager from time to time in full or part payment of the Property Manager's fees. Such permission will be granted when MGCCT is admitted to the Official List of the SGX-ST.

	The Units will, upon their issue, be listed and quoted on the SGX-ST and will be traded in Singapore dollars under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited ("**CDP**"). The Units will be traded in board lot sizes of 1,000 Units.
Stabilisation	In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Global Coordinators and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the commencement of trading in the Units on the SGX-ST or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST an aggregate of 79,851,000 Units representing not more than 10.3% of the total number of Units in the Offering, to undertake stabilising actions. (See "Plan of Distribution – Over-Allotment and Stabilisation" for further details.)
No Redemption by Unitholders	Unitholders have no right to request the Manager to redeem their Units while the Units are listed. Unitholders may only deal in their listed Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.
Distribution Policy	Distributions from MGCCT to Unitholders will be computed based on 100.0% of MGCCT's Distributable Income for the period from the Listing Date to 31 March 2015. Thereafter, MGCCT will distribute at least 90.0% of its Distributable Income on a semi-annual basis. The first distribution, which will be in respect of the period from the Listing Date to 30 September 2013 ("**First Distribution**"), will be paid by the Manager on or before 31 December 2013. (See "Distributions" for further details.)

Tax Considerations	MGCCT has obtained the Singapore Tax Ruling (as defined herein) from the Inland Revenue Authority of Singapore (the "**IRAS**") in relation to dividend receivable from the Cayman Companies. The Singapore Tax Ruling grants tax exemption to the Trustee on the dividend receivable from the Cayman Companies on or before 31 March 2015, subject to certain conditions. Subject to MGCCT's distribution policy, MGCCT's distributions will be made out of Taxable Income (as defined herein), Tax-Exempt Income (as defined herein) and repayment of capital. Unitholders will be exempt from Singapore income tax on distributions made out of Taxable Income and Tax-Exempt Income. Unitholders will also not be subject to Singapore income tax on distributions made out of repayment of capital. Where such Unitholders are traders, the distributions made out of repayments of capital are used to reduce the cost base of their investment in MGCCT. In all distributions made by MGCCT, no tax will be deducted at source.
Termination of MGCCT	MGCCT can be terminated by either an Extraordinary Resolution (as defined herein) at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed or by the Manager or the Trustee under certain circumstances specified in the Trust Deed, for example, if MGCCT is delisted permanently from the SGX-ST. (See "The Formation and Structure of Mapletree Greater China Commercial Trust – Termination of MGCCT" for further details.)
Governing Law	The Trust Deed is governed by Singapore law.
Commission Payable by MGCCT to the Joint Global Coordinators	1.75% of the total proceeds of the Offering and the proceeds raised from the issuance of the Cornerstone Units, and a discretionary incentive fee of 0.75% of the total proceeds of the Offering and the proceeds raised from the issuance of the Cornerstone Units payable at the sole discretion of the Manager (See "Plan of Distribution – Issue Expenses" for further details.)
Risk Factors	**Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed under "Risk Factors".**

INDICATIVE TIMETABLE

An indicative timetable for the Offering is set out below for the reference of applicants for the Units:

Date and time		Event
28 February 2013, 9.00 a.m.	:	Opening date and time for the Public Offer.
5 March 2013, 12.00 noon	:	Closing date and time for the Public Offer.
6 March 2013	:	Balloting of applications under the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.
7 March 2013, at or before 2.00 p.m.	:	Completion of the acquisition of the Properties.
7 March 2013, 2.00 p.m.	:	Commence trading on a "ready" basis.
12 March 2013	:	Settlement date for all trades done on a "ready" basis on 7 March 2013.

The above timetable is indicative only and is subject to change. It assumes:

- that the closing of the application list relating to the Public Offer (the "**Application List**") is 5 March 2013, 12.00 noon;
- that the Listing Date is 7 March 2013;
- compliance with the SGX-ST's unitholding spread requirement; and
- that the Units will be issued and fully paid up prior to 2.00 p.m. on 7 March 2013.

All dates and times referred to above are Singapore dates and times.

Trading in the Units through the SGX-ST on a "ready" basis will commence at 2.00 p.m. on 7 March 2013 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units through the SGX-ST on a "ready" basis have been fulfilled). The completion of the acquisition of the Properties is expected to take place at or before 2.00 p.m. on 7 March 2013 (see "Certain Agreements Relating to Mapletree Greater China Commercial Trust and the Properties" for further details).

If MGCCT is terminated by the Manager or the Trustee under the circumstances specified in the Trust Deed prior to, or the acquisition of the Properties is not completed by, 2.00 p.m. on 7 March 2013 (being the time and date of commencement of trading in the Units through the SGX-ST), the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant's own risk and without any right or claim against MGCCT, the Manager, the Trustee, the Joint Global Coordinators or the Sponsor).

In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Manager will publicly announce the same:

- via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: http://www.sgx.com; and

- in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

For the date on which trading on a "ready" basis will commence, investors should monitor SGXNET, the major Singapore newspapers, or check with their brokers.

The Manager will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

The Manager reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for Units, without assigning any reason, and no enquiry and/or correspondence on the decision of the Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application is accepted or rejected in part only or if the Offering does not proceed for any reason, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against MGCCT, the Manager, the Trustee, the Joint Global Coordinators or the Sponsor.

Where an application is not successful, the refund of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant, is expected to be completed, at his own risk within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

Where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days (as defined herein) after the close of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following table is only an extract from, and should be read together with, "Unaudited Pro Forma Financial Information as at 31 March 2012 and 30 September 2012 and for the Seven Months Ended 31 March 2012 and Six Months Ended 30 September 2012", the report set out in Appendix B, "Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at 31 March 2012 and 30 September 2012 and for the Seven Months Ended 31 March 2012 and Six Months Ended 30 September 2012" and Appendix D, "Reporting Auditors' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date".

UNAUDITED PRO FORMA BALANCE SHEETS AS AT 31 MARCH 2012 AND 30 SEPTEMBER 2012

	As at 31 March 2012[1] S$'000	As at 30 September 2012[1] S$'000
Non-current assets		
Investment properties	4,396,707	4,294,489
Plant and equipment	402	1,038
	4,397,109	**4,295,527**
Current assets		
Inventories	590	619
Trade and other receivables	1,141	3,404
Cash and cash equivalents	79,287	139,942
	81,018	**143,965**
Total assets	**4,478,127**	**4,439,492**
Non-current liabilities		
Loans and borrowings	1,953,204	1,906,027
Trade and other payables	44,700	41,769
Deferred tax liabilities	4,696	13,560
	2,002,600	**1,961,356**
Current liabilities		
Trade and other payables	41,302	41,408
Current tax payable	5,389	6,794
	46,691	**48,202**
Total liabilities	**2,049,291**	**2,009,558**
Net assets	**2,428,836**	**2,429,934**
Unitholders' funds	**2,428,836**	**2,429,934**

Note:

(1) The Unaudited Pro Forma Balance Sheet as at 31 March 2012 and 30 September 2012 have been prepared assuming the issuance of 2,661,709,000 Units at the Offering Price of S$0.93 per Unit.

UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN FOR THE SEVEN MONTHS ENDED 31 MARCH 2012 AND SIX MONTHS ENDED 30 SEPTEMBER 2012

	Seven months ended 31 March 2012[1]	Six months ended 30 September 2012[1]
	S$'000	S$'000
Gross revenue	125,534	109,032
Property operating expenses	(27,026)	(21,445)
Net property income	**98,508**	**87,587**
Administrative expenses	(75)	(144)
Manager's management fees	(8,357)	(6,920)
Trustee's fees	(512)	(509)
Other trust expenses	(965)	(994)
Net finance costs	(23,434)	(19,718)
Change in fair value of investment properties	1,407	1,345
Total return for the period before tax	**66,572**	**60,647**
Income tax expense	(12,254)	(10,719)
Total return for the period	**54,318**	**49,928**

Note:

(1) The Unaudited Pro Forma Statements of Total Return for the seven months ended 31 March 2012 and the six months ended 30 September 2012 have been prepared assuming the issuance of 2,661,709,000 Units at the Offering Price of S$0.93 per Unit.

UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS FOR THE SEVEN MONTHS ENDED 31 MARCH 2012 AND SIX MONTHS ENDED 30 SEPTEMBER 2012

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Cash flows from operating activities		
Total return for the period	54,318	49,928
Adjustments for:		
Manager's management fee paid/payable in units	8,357	6,920
Property Manager's management fees paid/payable in units	4,617	4,074
Net surplus on revaluation of investment properties	(1,407)	(1,345)
Depreciation of plant and equipment	51	124
Net finance costs	23,337	19,721
Income tax expense	12,254	10,719
Foreign exchange gain/(loss)	47	(20)
	101,574	90,121
Changes in working capital:		
Trade and other receivables	(5,182)	(1,884)
Trade and other payables	(1,096,602)	(1,187,178)
Receipts in advance	–	(43)
Restricted cash	(38,000)	(29,518)
Cash used in operations	**(1,038,210)**	**(1,128,502)**
Tax paid	(81,520)	(64,817)
Net cash used in operating activities	**(1,119,730)**	**(1,193,319)**
Cash flows from investing activities		
Capital expenditure on plant and equipment	(304)	(780)
Capital expenditure on investment properties	(2,985)	(1,284)
Acquisition of subsidiaries, net of cash acquired	(582,666)	(582,666)
Interest received	406	379
Net cash used in investing activities	**(585,549)**	**(584,351)**

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Cash flows from financing activities		
Finance expense paid	(10,698)	(11,458)
Payment of transaction costs relating to borrowings	(22,567)	(22,567)
Proceeds from bank borrowings	1,880,577	1,880,577
Repayment of bank borrowings	(2,171,748)	(2,171,748)
Proceeds from issuance of units	2,475,389	2,475,389
Payment of transaction costs relating to the issuance of units	(45,605)	(45,605)
Distribution of retained earnings	(169,489)	(169,489)
Net cash from financing activities	**1,935,859**	**1,935,099**
Net increase in cash and cash equivalents	**230,580**	**157,429**
Cash and cash equivalents at beginning of period	15,642	173,000
Effect of foreign exchange rate fluctuations on cash balances held in foreign currencies	185	364
Cash and cash equivalents at end of period	**246,407**	**330,793**

UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

	As at the Listing Date[1] S$'000
Non-current assets	
Investment properties	4,311,781
Plant and equipment	1,041
	4,312,822
Current assets	
Inventories	620
Trade and other receivables	3,420
Cash and cash equivalents	132,109
	136,149
Total assets	**4,448,971**
Non-current liabilities	
Loans and borrowings	1,911,405
Trade and other payables	49,274
Deferred tax liabilities	13,599
	1,974,278
Current liabilities	
Trade and other payables	38,024
Current tax payable	6,844
	44,868
Total liabilities	**2,019,146**
Net assets	**2,429,825**
Unitholders' funds	**2,429,825**
Number of Units in issue ('000)	**2,661,709**
Net asset value per Unit (S$)	**0.91**

Note:

(1) The Unaudited Pro Forma Balance Sheet as at the Listing Date has been prepared assuming the issuance of 2,661,709,000 Units at the Offering Price of S$0.93 per Unit.

PROFIT FORECAST AND PROFIT PROJECTIONS

The following is an extract from "Profit Forecast and Profit Projections". Statements contained in the Profit Forecast and Profit Projections section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in "Profit Forecast and Profit Projections" and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of MGCCT, the Manager, the Trustee, the Joint Global Coordinators, the Sponsor or any other person, or that these results will be achieved or are likely to be achieved. (See "Forward-looking Statements" and "Risk Factors" for further details.) Investors in the Units are cautioned not to place undue reliance on these forward-looking statements.

None of MGCCT, the Manager, the Trustee, the Joint Global Coordinators or the Sponsor guarantees the performance of MGCCT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The projected yields stated in the following table are calculated based on:

- ***the Offering Price; and***
- ***the assumption that the listing date of MGCCT is 1 April 2013.***

Such yields will vary accordingly if the listing date of MGCCT is not on 1 April 2013, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price. Unitholders should note that in respect of the Forecast Period 12/13, they will only be entitled to a pro rata share of distributions declared and paid for the period from the Listing Date.

The following table shows MGCCT's forecast and projected Statements of Total Return for the Forecast Period 12/13, Projection Year 13/14 and the Projection Year 14/15. The financial year end of MGCCT is 31 March. The forecast and projected results for the Forecast Period 12/13, Projection Year 13/14 and the Projection Year 14/15 (the "**Profit Forecast and Profit Projections**") may be different to the extent that the actual date of issuance of Units is other than 1 April 2013, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projections are based on the assumptions set out in "Profit Forecast and Profit Projections" and have been examined by the Reporting Auditors, being KPMG LLP, and should be read together with the report set out in Appendix A, "Reporting Auditors' Report on the Profit Forecast and Profit Projections", as well as the assumptions and the sensitivity analysis set out in "Profit Forecast and Profit Projections".

Forecast and Projected Statements of Total Return

The forecast and projected statements of total return and distribution are as follows:

	Forecast Period 12/13 (1 October 2012 to 31 March 2013)	Projection Year 13/14 (1 April 2013 to 31 March 2014)	Projection Year 14/15 (1 April 2014 to 31 March 2015)
	S$'000	**S$'000**	**S$'000**
Gross revenue	112,818	234,139	247,704
Property operating expenses	(24,751)	(48,451)	(50,158)
Net property income	**88,067**	**185,688**	**197,545**
Administrative expenses	(252)	(697)	(816)
Manager's management fees	(6,566)	(13,979)	(18,356)
Trustee's fees	(254)	(510)	(510)
Other trust expenses	(828)	(1,655)	(1,988)
Net finance costs	(20,073)	(40,153)	(40,109)
Total return for the period before tax	**60,095**	**128,693**	**135,767**
Income tax expense	(10,361)	(21,989)	(23,634)
Total return for the period before distribution adjustments and after tax	**49,734**	**106,704**	**112,132**
Distribution adjustments[1]	15,925	33,089	41,078
Income available for distribution to Unitholders	**65,659**	**139,793**	**153,211**
Distribution to Unitholders based on payout of 100.0% of Taxable Income	**65,659**	**139,793**	**153,211**

Note:

(1) These include non-tax deductible expenses relating to 100% of the Manager's management fees, property management fees which are payable in the form of Units for the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15, fees paid to the Trustee, amortisation of the upfront fee on the term loan facility, commitment fee of the revolving credit facilities, amortisation of rent-free incentives, deferred tax in relation to claim on capital allowance for Festival Walk and depreciation expenses.

	Projection Year 13/14	Projection Year 14/15
Weighted average number of Units in issue ('000)	2,668,485	2,693,044
Distribution per Unit (cents)	5.24	5.69
Offering Price per Unit (S$)	0.93	0.93
Distribution yield	**5.6%**	**6.1%**

RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Units.

This Prospectus also contains forward-looking statements (including profit forecasts and profit projections) that involve risks, uncertainties and assumptions. The actual results of MGCCT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by MGCCT as described below and elsewhere in this Prospectus.

As an investment in a REIT is meant to produce returns over the long-term, investors should not expect to obtain short-term gains.

Investors should be aware that the price of Units, and the income from them, may fall or rise. Investors should note that they may not get back their original investment.

Before deciding to invest in the Units, prospective investors should seek professional advice from their relevant advisers about their particular circumstances.

RISKS RELATING TO THE PROPERTIES

MGCCT may be adversely affected by economic and real estate market conditions, as well as changes in regulatory, fiscal and other governmental policies in Hong Kong and the PRC.

The Properties are located in Hong Kong and the PRC. An economic decline in Hong Kong and the PRC could adversely affect MGCCT's results of operations and future growth. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. There remains a concern that the debt crisis in Europe and the U.S. will impinge upon the health of the global financial system. These events could adversely affect MGCCT insofar as they result in:

- a negative impact on the ability of the tenants to pay their rents in a timely manner or continuing their leases, thus reducing MGCCT's cash flow;

- an increase in counterparty risk (being the risk of monetary loss which MGCCT may be exposed to if any of its counterparties encounters difficulty in meeting its obligations under the terms of its respective transaction); and/or

- an increased likelihood that one or more of (i) MGCCT's banking syndicates (if any), (ii) banks or insurers, as the case may be, providing bankers' guarantees or performance bonds for the rental deposits or other types of deposits relating to or in connection with the Properties or MGCCT's operations or (iii) MGCCT's insurers, may be unable to honour their commitments to MGCCT.

There is also uncertainty as to the scale of the downturn in the U.S. and the global economy, the decrease in consumer demand and the impact of the global downturn on the economy of Hong Kong and the PRC.

Investment in commercial and commercial-related assets in other countries will expose MGCCT to additional local real estate market conditions. Other real estate market conditions which may adversely affect the performance of MGCCT include the attractiveness of competing commercial-related assets or an oversupply or reduced demand for such commercial-related assets.

Further, MGCCT will be subject to foreign real estate laws, regulations and policies as a result of its property investments in Hong Kong and the PRC. Measures and policies adopted by Hong Kong and the PRC governments and regulatory authorities at national, provincial or local levels, such as government control over property investments or foreign exchange regulations, might negatively impact MGCCT's properties.

MGCCT relies on two properties for its Net Property Income.

MGCCT depends on Festival Walk and Gateway Plaza for its Net Property Income, with Festival Walk expected to contribute to 75.3% and 73.7% of MGCCT's Gross Revenue in FY13/14 and FY14/15 respectively, and expected to contribute 73.5% and 71.8% of MGCCT's Net Property Income in FY13/14 and FY14/15 respectively. As a result, negative conditions with respect to Gateway Plaza and/or Festival Walk in particular will impact the overall performance of MGCCT.

MGCCT is subject to the risk of non-renewal, non-replacement or early termination of leases.

If a large number of tenants in the Properties do not renew their leases at the end of a lease cycle or a significant number of early terminations occur, and replacement tenants cannot be found in a timely manner and on terms acceptable to the Manager, there is likely to be a material adverse effect on the Properties, which could materially and adversely affect the business, financial condition and results of operations of MGCCT.

The loss of anchor tenants or a significant number of tenants of any of the Properties or a downturn in the businesses of anchor tenants or a significant number of tenants could have an adverse effect on the business, financial condition and results of operations of MGCCT.

MGCCT's financial condition and results of operations and capital growth may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of one or more of the anchor tenants or a significant number of tenants of any of the Properties, as well as the decision by one or more of these tenants not to renew its lease or terminate its lease before it expires. If an anchor tenant or a significant number of tenants terminate their leases or do not renew their leases at expiry, it may be difficult to secure replacement tenants at short notice. In addition, the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than the current leases.

The loss of anchor tenants or a significant number of tenants in any one of MGCCT's Properties or future acquisitions could result in periods of vacancy, which could adversely affect the revenue and financial conditions of the relevant Property, consequently impacting the ability of the Cayman Companies and the Hong Kong Property Companies (as defined herein) to make dividends or distributions to MGCCT.

There is a pending appeal in relation to HK Gateway Plaza Company Limited which owns Gateway Plaza that may adversely affect the value of the Units.

There is a pending appeal before the Supreme People's Court of China ("**Pending Appeal**") in relation to a claim for the return of an alleged loan of RMB210.0 million (that purportedly took place in June 2007), filed by Beijing Bestride Real Estate Development Co Ltd ("**Bestride**") against HK Gateway Plaza Company Limited ("**HK Gateway**") which owns Gateway Plaza (the "**Litigation Action**").

Bestride is the original developer of Gateway Plaza and is controlled by Tin Lik, a PRC national. Bestride sold Gateway Plaza to HK Gateway in 2006. Tin Lik subsequently sold the shares of Beijing Gateway Plaza (BVI) Limited[1] ("**BVI SPV**") which held HK Gateway to RREEF China Commercial Trust ("**RREEF CCT**") in June 2007. RREEF CCT sold the BVI SPV to the current vendor, MIC in April 2010.

The Litigation Action was filed in July 2011 and was dismissed by a tribunal of three judges of the Beijing Higher People's Court (the "**Higher Court**") in a written ruling dated 7 December 2012. Bestride then filed the Pending Appeal on 22 December 2012 to the Supreme People's Court of China, which is the final appellate court.

Bestride has also filed a motion for a property attachment order on Gateway Plaza and bank account freezing order up to RMB264,860,000 (being the claim amount in the Litigation Action, comprising the alleged loan of RMB210.0 million and interest accrued thereon as at 28 February 2011) (the "**Bestride Motion**"), in order to secure Bestride's claim against HK Gateway. The Bestride Motion was filed in accordance with the PRC Civil Procedure Law and the Higher Court granted the Bestride Motion on an *ex parte* basis (*i.e.* without providing HK Gateway with an opportunity of being heard) by a tribunal of three judges on 7 July 2011, on the grounds that (i) under Civil Procedure Law of the PRC, the claimant may apply for a property attachment and bank account freezing order over the properties and the bank accounts of the defendant and the court may approve such order at its discretion; and (ii) Bestride offered Hunan Bestride Hotel, which was an affiliate of Bestride, to counter-guarantee the Bestride Motion such that HK Gateway would have the resources to claim its damages as a result of the property attachment and the account freezing should HK Gateway succeed in the defence of the Litigation Action.

According to the ruling dated 7 July 2011 made by the Higher Court with respect to the property attachment and account freezing, HK Gateway is prevented from assigning or creating any encumbrance or security interest over Gateway Plaza and its underlying land use right without written approval of the Higher Court. However, according to Jin Mao Partners, the property attachment order does not affect HK Gateway's title to Gateway Plaza and MGCCT may dispose of Gateway Plaza through a disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd, and the disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd would not contravene the property attachment order or the bank account freezing order, and the approval of the courts is not required for such disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd.

It should be noted that even if Bestride is successful in the Litigation Action, it does not mean that MGCCT will lose its title to Gateway Plaza. The property attachment order is merely security in relation to the Litigation Action to ensure that there are sufficient monies available to pay Bestride in the event that it is successful in its claim. In any event, it should be noted that MGCCT may dispose of Gateway Plaza through a company sale (as indicated above).

Pursuant to the bank account freezing order, HK Gateway cannot use the funds in the frozen bank account up to RMB264,860,000 without the written approval of the Higher Court. According to Jin Mao Partners, there is no impediment to repatriation of rental proceeds if the claim amount of RMB264,860,000 has been set aside in the frozen bank account on the basis that the court ruling of 7 July 2011 granting the Bestride Motion and the notice for assisting account freezing issued by the Higher Court to the relevant bank expressly stated that the frozen amount should be RMB264,860,000. The funds over and above this frozen amount can therefore be used by HK Gateway. Notwithstanding the foregoing, there is no certainty that the repatriation of rental proceeds would not be affected if Bestride takes other courses of action.

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1 HK Gateway Plaza Company Limited was previously held by Beijing Gateway Plaza (BVI) Limited when it was acquired by MIC. MIC had subsequently restructured the holding structure such that HK Gateway Plaza Company Limited is held by Beijing Gateway Plaza (Cayman) Ltd.

The property attachment order and the bank account freezing order remain valid due to the filing of the Pending Appeal. However, HK Gateway is taking steps to remove the property attachment order by filing an application on 4 January 2013 to the Higher Court through its lawyers to request to substitute the property attachment order with a cash security deposit.

In the event that HK Gateway is unable to remove the property attachment order, HK Gateway's title to Gateway Plaza will not be affected as explained above but it will not be allowed to assign, or create any encumbrance or security interest over, Gateway Plaza and its underlying land use right without the written approval of the Higher Court.

The Litigation Action will be determined when there is a final and binding judgment or ruling issued by the relevant competent court of PRC. If Bestride is successful in its claim, MGCCT will be required to pay the amount of RMB210.0 million plus accrued interest.

Pending the receipt of a final and binding judgment or ruling issued by a competent court of the PRC with respect to the Litigation Action, the Pending Appeal and the lifting of the bank account freezing order, HK Gateway shall hold the sum of RMB264,860,000 currently deposited into the frozen account in trust for MIC. If HK Gateway is successful in the Litigation Action and the Pending Appeal, HK Gateway shall pay the said sum to MIC. Should the Litigation Action and the Pending Appeal be resolved in Bestride's favour instead, HK Gateway shall pay the said sum of RMB264,860,000 from the frozen account to the claimant in accordance with the directions set out in the final and binding judgment or ruling and MIC shall have no claim whatsoever against HK Gateway in respect of the same. In addition, prior to the acquisition of Gateway Plaza by RREEF CCT (which subsequently sold Gateway Plaza to MIC, which is 43.2% held by the Sponsor and the current vendor of Gateway Plaza), HK Gateway registered a Beijing Representative Office. However, control of the Representative Office was not handed over to RREEF CCT and an announcement was made in a public media dated 25 June 2009. With the dismissal of the Litigation Action on 7 December 2012, MIC is also taking steps to strike off the Beijing Representative Office.

Notwithstanding that:

- the sale and purchase agreement in relation to the sale of the shares of BVI SPV to RREEF CCT contained a clear statement that the vendor of the shares of BVI SPV, being Tin Lik, was obliged to settle all intercompany debts between Bestride and HK Gateway prior to the completion of the transfer, save for an external loan of US$235 million then outstanding and payable by HK Gateway to a bank (which does not cover the alleged loan of RMB210 million from Bestride to HK Gateway);

- there is also no evidence of any loan given by Bestride to HK Gateway in the audited accounts prepared by HK Gateway's auditors;

- the Litigation Action was dismissed by the Higher Court; and

- the vendor of Gateway Plaza (being MIC) has in the Beijing Gateway Share Purchase Agreement provided MGCCT with an indemnity against any losses that may be suffered by MGCCT as a result of the Litigation Action and in relation to the Beijing Representative Office, subject to MIC's liability under the Beijing Gateway Share Purchase Agreement being limited to 10% of the Beijing Gateway Consideration (as defined herein).

there can be no assurance that the Pending Appeal would not have an adverse effect on the value of the Units.

The underlying government lease of Festival Walk will expire in 2047 and in the event that an extension of the term of the government lease is sought and obtained (and there can be no assurance that such extension will be obtained as there are currently no precedents of such extension), there is uncertainty about the quantum of premium which MGCCT will have to pay and additional conditions which may be imposed.

Festival Walk is held under a government lease granted by the Hong Kong Government, which will expire in 2047.

Since 1 July 1997 when Hong Kong became the Hong Kong Special Administrative Region (the "**HKSAR**") of the People's Republic of China, the Basic Law of the HKSAR (the "**Basic Law**") applies to Hong Kong. Article 8 of the Basic Law provides that the laws previously in force in Hong Kong, that is, the common law, rules of equity, ordinances, subordinate legislation and customary law, shall be maintained, except for any that contravenes the Basic Law, and subject to any amendment by the legislature of the HKSAR. All leases of land granted before the establishment of the HKSAR which extend beyond 29 June 1997, and all rights in relation to such leases, shall continue to be recognised and protected under the laws of the HKSAR. Where such government leases do not contain a right of renewal upon expiry, Article 123 of the Basic Law provides that they shall be dealt with in accordance with laws and policies formulated by the government of the HKSAR on its own.

There is currently no precedent of such extension to provide an indication of the terms and conditions which may be imposed if MGCCT decides to seek a renewal of the lease for Festival Walk upon the expiry thereof. There is no assurance that MGCCT will be able to obtain an extension of the term of the government lease. In the event that MGCCT decides to seek a renewal of the lease for Festival Walk and the extension is not granted, the Property would revert to the government of the HKSAR and MGCCT would no longer own or derive income from the Property and this, along with other factors, may affect the business, financial condition and results of operations of MGCCT.

The underlying land use right of Gateway Plaza will expire in 2053 and in the event that an extension to the land use right is sought and obtained (and there can be no assurance that such extension will be obtained as there are currently no precedents of such extension), there is uncertainty about the quantum of land grant premium which MGCCT will have to pay and additional conditions which may be imposed.

Gateway Plaza is directly held under the land use right granted by the PRC Government, which will expire in 2053. According to PRC laws, the grantee of the land use right of non-residential land may apply for renewal at least 12 months prior to the expiry of the land use right, otherwise the land use right shall revert to the State upon expiry. If an application for extension is granted (and such grant shall be given by the PRC Government unless the land in issued shall be taken back for the purpose of public interests), the land user will be required to, among other things, pay a land grant premium for the renewed land use right. If no application is made, or such application is not granted, Gateway Plaza shall be disposed of in accordance with the land use right grant contract. As none of the land use rights granted by the PRC Government similar to those granted for Gateway Plaza has, at the Listing Date, run its full term, there is no precedent of such extension to provide an indication of the quantum of land grant premium which MGCCT will have to pay and additional conditions which may be imposed in the event that an extension to the land use rights for Gateway Plaza is sought and obtained. There is no assurance that MGCCT will be able to obtain an extension to the land use right. In the event that the extension is not granted, the Property would revert to the PRC Government and MGCCT would no longer own or derive income from the Property and this, along with other factors, may affect the business, financial condition and results of operations of MGCCT.

Gateway Plaza is subject to property taxes that may increase, or capital gains taxes that may be imposed or incurred in the future, and thereby adversely affect MGCCT's financial condition and its capital growth.

Gateway Plaza is subject to various real (*i.e.* immovable) property taxes in the PRC that may increase as tax rates increase or when the property is assessed or re-assessed by the relevant authorities.

In addition, in the PRC certain taxes such as the real estate tax are subject to the discretion or practice of local tax bureaus, and thus the amount of taxes payable may vary. If the tax assessed in respect of Gateway Plaza increases, the property taxes included in the relevant forecast and projection in "Profit Forecast and Profit Projections" may increase and the distributions and the capital growth of MGCCT could be adversely affected.

In the event of a disposal of Gateway Plaza, such disposal may also expose the income and gains derived by MGCCT to various types of taxes in the PRC, including income tax, business tax, land appreciation tax, stamp duty, deed tax and local surcharges implications in the PRC. (See "Taxation – PRC Taxation" and Appendix F, "Independent Taxation Report" for further details which could adversely affect the level of distributions paid to Unitholders.)

Planned amenities and transportation infrastructure near the Properties may not be implemented as planned, or may be closed, relocated, terminated, delayed or not completed.

There is no assurance that amenities, transportation infrastructure and public transport services near the Properties will be implemented as planned or will not be closed, relocated, terminated, delayed or completed. If such an event were to occur, it will adversely impact the accessibility of the relevant Property and the attractiveness and marketability of the relevant Property to tenants. This may then have an adverse effect on the demand and the rental rates for the relevant Property and adversely affect the business, financial condition and results of operations of MGCCT.

The Properties and properties to be acquired by MGCCT may require significant capital expenditure periodically and MGCCT may not be able to secure funding.

MGCCT may require periodic capital expenditure, refurbishment, renovation for improvements and development in order to remain competitive or be income-producing. MGCCT may not be able to fund capital expenditure solely from cash provided from its operating activities and MGCCT may not be able to obtain additional equity or debt financing on favourable terms or at all. If MGCCT is not able to obtain such financing, the marketability of such Property may be affected.

MGCCT's assets might be adversely affected if the Manager and the Property Manager do not provide adequate management and maintenance.

Should the Manager and the Property Manager fail to provide adequate management and maintenance, the value of MGCCT's assets might be adversely affected and this may result in a loss of tenants, which will adversely affect distributions to Unitholders.

MGCCT may suffer material losses in excess of insurance proceeds or MGCCT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties.

The Properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties.

In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, MGCCT's insurance policies for the Properties cover items which are commonly taken up in the Hong Kong and PRC markets but do not cover acts of war, outbreak of contagious diseases, contamination or other environmental breaches.

Should an uninsured loss or a loss in excess of insured limits occur, MGCCT could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property as it may not be able to rent out or sell the affected property. MGCCT will also be liable for any debt or other financial obligation[1] related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur.

Renovation or redevelopment works or physical damage to the Properties may disrupt the operations of the Properties and collection of rental income or otherwise result in adverse impact on the financial condition of MGCCT.

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, the Properties. The Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen *ad hoc* maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining commercial properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. The business and operations of the Properties may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

In addition, physical damage to the Properties resulting from fire or other causes may lead to a significant disruption to the business and operation of the Properties and, together with the foregoing, may impose unbudgeted costs on MGCCT and result in an adverse impact on the financial condition and results of operations of MGCCT and its ability to make distributions.

MGCCT could incur significant costs or liability related to environmental matters.

MGCCT's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control and the storage of dangerous goods. Under these laws, an owner or operator of real property may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. In addition, MGCCT may be required to make capital expenditures to comply with these environmental laws. The presence of contamination, air pollution, noise pollution or dangerous goods without a valid licence or the failure to remediate contamination, air pollution, noise pollution or dangerous goods may expose MGCCT to liability or materially adversely affect its ability to sell or lease the real property or to borrow using the real property as collateral. Accordingly, if the Properties are affected by contamination or other environmental effects not previously identified and/or rectified, MGCCT risks prosecution by environmental authorities and may be required to incur unbudgeted capital expenditure to remedy such issue and the financial position of tenants may be adversely impacted, affecting their ability to trade and to meet their tenancy obligations.

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1 Such "debt or other financial obligation" refers to those which will be taken up at the IPO and will be secured over the Properties. Such debts or financial obligations may change over time as MGCCT discharges or reduces its indebtedness or seeks refinancing.

The due diligence exercise on the Properties, tenancies, buildings and equipment may not have identified all defects, breaches of laws and regulations and other deficiencies.

The Manager believes that reasonable due diligence investigations with respect to the Properties have been conducted prior to their acquisitions. However, there is no assurance that the Properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may requireadditional capital expenditure, special repair or maintenance expenses) or be affected by breaches of laws and regulations. Such defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on MGCCT's earnings and cash flows.

Losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flow.

Design, construction or other latent property or equipment defects in the Properties may require additional capital expenditure, special repair, maintenance expenses or the payment of damages or other obligations to third parties.

Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on MGCCT's earnings and cash flows.

Statutory or contractual representations, warranties and indemnities given by any seller of commercial properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

The Properties may face increased competition from other properties.

The Properties are located in areas where other competing properties are present and new properties may be developed which may compete with the Properties.

The income from and the market value of the Properties will be dependent on the ability of the Properties to compete against other properties for tenants. If, after the Offering, competing properties are more successful in attracting and retaining tenants, the income from the Properties could be reduced thereby adversely affecting MGCCT's cash flow and the amount of funds available for distribution to Unitholders will be adversely affected. (See "Business and Properties – Festival Walk – Competition" and "Business and Properties – Gateway Plaza – Competition" for further details.)

MIC is not subject to any right of first refusal, the Transaction Review Committee or the Competitive Process, and the Proposed New China Fund is similarly not subject to any right of first refusal (all capitalised terms defined herein).

As MIC has already been established and fully invested, MIC will not be subject to any right of first refusal, the Transaction Review Committee and the Competitive Process. Since the Proposed New China Fund had commenced its marketing process without any right of first refusal provisions, it will similarly not grant a right of first refusal to MGCCT but it will be subject to the Transaction Review Committee and the Competitive Process. There can be no assurance for MGCCT that conflicts of interest will not arise with MIC and the Proposed New China Fund as MIC is not subject to any right of first refusal, the Transaction Review Committee or the Competitive Process, and the Proposed New China Fund is similarly not subject to any right of first refusal.

The appraisals of the Properties are based on various assumptions and the price at which MGCCT is able to sell a Property in future may be different from the initial acquisition value of the Property.

There can be no assurance that the assumptions relied on are accurate measures of the market, and the values of the Properties may be evaluated inaccurately. The Independent Valuers may have included a subjective determination of certain factors relating to the Properties such as their relative market positions, financial and competitive strengths, and physical condition and, accordingly, the valuation of the Properties (which affect the NAV per Unit) may be subjective.

The valuation of any of the Properties does not guarantee a sale price at that value at present or in the future. The price at which MGCCT may sell a property may be lower than its purchase price.

RISKS RELATING TO MGCCT'S OPERATIONS

The Manager is a wholly-owned subsidiary of the Sponsor and the Property Manager is a subsidiary of the Sponsor. There may be potential conflicts of interest between MGCCT, the Manager, the Property Manager and the Sponsor.

The Sponsor, its subsidiaries, related corporations and Associates (as defined herein) are engaged in the investment in, and the development and management of, among other things, real estate which is wholly or partially used for commercial purposes in Singapore and elsewhere in the Asia-Pacific region. The Sponsor's wholly-owned subsidiaries, Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd., will, immediately after the completion of the Offering, hold 931,598,000 Units (constituting 35.0% of the total number of Units expected to be in issue) (assuming that the Over-Allotment Option is not exercised) or 32.0% of the total number of Units expected to be in issue (assuming the Over-Allotment Option is exercised in full).

The Sponsor may exercise influence over the activities of MGCCT through the Manager, which is a wholly-owned subsidiary of the Sponsor. These include matters which require Unitholders' approval. Moreover, the Sponsor may (subject to the sponsor non-compete undertaking as described in "The Manager and Corporate Governance – Corporate Governance of the Manager – Potential Conflicts of Interest – Sponsor Non-Compete Undertaking") in the future sponsor, manage or invest in other real estate investment trusts or other vehicles.

While the Sponsor will not set up another private fund with the same investment mandate and risk-return profile as MGCCT, the Sponsor may set up Future Greater China Commercial Private Funds (as defined herein). There can be no assurance that conflicts of interest will not arise between MGCCT and the Sponsor in the future.

Further, the Property Manager, which is a subsidiary of the Sponsor, has been appointed to manage the Properties as well as all future properties to be acquired by MGCCT (see "Certain Agreements relating to Mapletree Greater China Commercial Trust and the Properties – Property Management Agreement" for further details). If the Property Manager were to manage a property which competes with MGCCT's properties, there can be no assurance that the Property Manager will not favour properties that the Sponsor has in its own property portfolio over those owned by MGCCT when providing leasing services to MGCCT, which could lead to lower occupancy rates and/or lower rental income for the properties owned by MGCCT as a whole and this could adversely affect distributions to Unitholders.

Any breach by the major tenants of their obligations under the lease agreements or a downturn in their businesses may have an adverse effect on MGCCT.

In the event that any major tenants of MGCCT are unable to pay their rent or breach their obligations under the lease agreements, the level of distributable income may be adversely affected. The performance of the major tenants' other businesses could also have an impact on their ability to make rental payments to MGCCT.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial position;
- the local economies in which they have business operations;
- the ability of such major tenants to compete with its competitors;
- in the instance where such major tenants have sub-leased the Properties, the failure of the sub-tenants to pay rent; and
- material losses in excess of insurance proceeds.

A substantial number of the Properties' leases are for terms of one to three years, which exposes the Properties to significant rates of lease expiries each year.

56.5% of the leases (by Gross Rental Income for the month of November 2012) for the Properties are for terms of one to three years, which reflects the general practice in the Hong Kong and PRC commercial property markets. As a result, the Properties experience lease cycles in which a substantial number of the leases expire each year.

Vacancies following the non-renewal of leases may lead to reduced occupancy rates. If a large number of tenants do not renew their leases in a year in which a substantial number of leases expire, this could adversely affect the business, financial condition and results of operations of MGCCT.

MGCCT will hold The Glacier through Festival Walk (2011) Limited and is therefore subject to business risk.

As MGCCT will hold The Glacier through Festival Walk (2011) Limited, MGCCT may be affected by the business operations of The Glacier.

The amount MGCCT may borrow is limited, which may affect the operations of MGCCT.

Under the Property Funds Appendix, MGCCT is permitted to borrow up to 35.0% of the value of the Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). However, the Property Funds Appendix also allows MGCCT to borrow more than 35.0% (up to a maximum of 60.0%) of the value of the Deposited Property if a credit rating from Fitch Inc., Moody's or Standard & Poor's is obtained and disclosed to the public. As at the Listing Date, MGCCT is expected to have gross borrowings of S$1,935 million (HK$12,150 million) with an Aggregate Leverage (as defined herein) of approximately 43.0% based on the Offering Price. The Manager has obtained, in respect of MGCCT, a provisional credit rating of Baa1 from Moody's.[1] (See "Capitalisation – Indebtedness" for further details.)

MGCCT may, from time to time, require further debt financing to achieve its investment strategies. In the event that MGCCT decides to incur additional borrowings in the future, MGCCT may face adverse business consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to MGCCT's existing asset portfolio or in relation to MGCCT's acquisitions to expand its portfolio;
- a decline in the value of the Deposited Property may cause the borrowing limit to be exceeded, thus affecting MGCCT's ability to make further borrowings; and
- cash flow shortages (including with respect to distributions) which MGCCT might otherwise be able to resolve by borrowing funds.

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[1] The provisional issuer rating assumes the listing of MGCCT on the SGX-ST, the drawdown of unsecured debt facilities of S$1,935 million and the acquisition of the Properties by MGCCT. The final rating is conditional upon the successful completion of all the events described in the foregoing sentence. The Manager expects Moody's to assign its final rating of MGCCT on the Listing Date and will make an announcement on SGXNET of the final rating when it has been assigned to MGCCT. All ratings are subject to revision or withdrawal at any time. Moody's has not provided its consent, for the purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the credit rating information in this Prospectus and is therefore not liable for such information under Sections 253 and 254 (read with Section 302) of the SFA. While the Manager has taken reasonable action to ensure that the information has been reproduced in its proper form and context, and that it has been extracted fairly and accurately, neither the Manager nor any other party has conducted an independent review of, nor verified the accuracy of, such information. The provisional issuer rating obtained from Moody's is current and Moody's will be paid by the Trustee to provide the credit rating. The credit rating is not a recommendation to invest in any securities. Issuer credit ratings express Moody's opinion of an entity's creditworthiness and ability to meet its senior financial obligations. According to Moody's, the (P)Baa1 rating with a stable outlook reflects Moody's expectations of continued predictable cash generation from MGCCT's current portfolio driven by steady occupancy levels and strong organic growth from positive rental reversions and potential asset enhancement initiatives. It also takes into account the favourable supply and demand dynamics for properties in Hong Kong and Beijing over the near- to medium-term. Moody's methodology assumptions, limitations and other rating considerations for REITs include the following: (i) ratios presented in Moody's scorecards are based on past results, but their ratings are forward looking incorporating financial and operating performance expectations, (ii) discussion of important metrics not in the scorecard (common to all companies/industries) such as management, corporate governance, financial reporting quality, information disclosure, macro environment, litigation, regulatory trends could drive ratings, (iii) examples of factors not in the scorecard that could also drive ratings are occupancy rates or related party transactions, and (iv) sub-factors weightings may vary from one suggested in the scorecard under certain circumstances, such as external market shocks that cause liquidity to freeze. Credit ratings are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. Moody's defines credit risk as the risk that an entity may not meet its contractual, financial obligations as they come due and any estimated financial loss in the event of default. Credit ratings do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility. Full information regarding the relative rank of the credit rating, the detailed assumptions, limitations and methodology of the credit rating (including a description of Moody's scorecards), and attributes that the credit rating does not address may be found on the following website: www.moodys.com.

MGCCT may face risks associated with debt financing and the Facility and the debt covenants could limit or affect MGCCT's operations.

MGCCT has in place a HK$12,150 million unsecured term loan facility (the "**Facility**"). MGCCT is subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet the required payments of principal and interest under such financing, and therefore to make distributions to Unitholders.

Distributions from MGCCT to Unitholders will be computed based on at least 90.0% of MGCCT's Tax-Exempt Income. As a result of this distribution policy, MGCCT may not be able to meet all of its obligations to repay any future borrowings through its cash flow from operations. MGCCT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all.

If MGCCT defaults under the Facility, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided.

While the Facility is unsecured by any mortgage, if MGCCT's property is mortgaged in the future, such property could be foreclosed by the lender or the lender could require a forced sale of the property with a consequent loss of income and asset value to MGCCT.

If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, MGCCT will not be able to pay distributions at expected levels to Unitholders or to repay all maturing debt.

MGCCT may be subject to the risk that the terms of any refinancing undertaken (which may arise from a change of control provision) will be less favourable than the terms of the original borrowings. While MGCCT is not subject to covenants that may limit or otherwise adversely affect its operations and its ability to make distributions to Unitholders as at 14 February 2013, being the latest practicable date prior to the lodgment of this Prospectus with the MAS (the "**Latest Practicable Date**"), the terms of any refinancing undertaken in the future may contain such covenants as well as other covenants which may also restrict MGCCT's ability to acquire properties or undertake other capital expenditure and may require it to set aside funds for maintenance or repayment of security deposits or require MGCCT to maintain certain financial ratios (e.g. loan to value ratios). The triggering of any of such covenants may have an adverse impact on MGCCT's financial condition.

MGCCT's level of borrowings represents a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher interest rates, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting MGCCT's cash flow and the amount of funds available for distribution to the Unitholders.

Neither MGCCT nor the Manager has a long established operating history.

MGCCT was constituted on 14 February 2013, and the Manager was incorporated on 30 November 2012. Neither MGCCT (as a REIT) nor the Manager (as the manager of the REIT) has sufficient operating histories by which their past performance may be judged. The lack of a long established operating history will make it more difficult for investors to assess MGCCT's future performance. There is no assurance that MGCCT will be able to generate sufficient revenue from operations to make distributions or that such distributions will be in line with those set out in "Profit Forecast and Profit Projections".

If the Manager's capital market services licence for REIT management ("CMS Licence") is cancelled or the authorisation of MGCCT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of MGCCT will be adversely affected.

The CMS Licence issued to the Manager is subject to conditions unless otherwise cancelled. If the CMS Licence of the Manager is cancelled by the MAS, the operations of MGCCT will be adversely affected, as the Manager would no longer be able to act as the manager of MGCCT.

MGCCT was authorised as a collective investment scheme on 27 February 2013 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of MGCCT is suspended, revoked or withdrawn, its operations will also be adversely affected.

The Manager may not be able to successfully implement its investment strategy for MGCCT.

There is no assurance that the Manager will be able to implement its investment strategy successfully or that it will be able to expand MGCCT's portfolio at any specified rate or to any specified size. The Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

MGCCT faces active competition in acquiring suitable properties. MGCCT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected.

Even if MGCCT were able to successfully acquire property or investments, there is no assurance that MGCCT will achieve its intended return on such acquisitions or investments.

In addition, MGCCT's investment strategy of principally investing, directly or indirectly, in real estate in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes) and real estate-related assets involves a higher level of risk as compared to a portfolio which has a more diverse range of investments.

Since the amount of borrowings that MGCCT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions are likely to be largely dependent on MGCCT's ability to raise equity capital. This may result in a dilution of Unitholders' holdings.

Potential vendors may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

There may be significant competition for attractive investment opportunities from other property investors, including other REITs, commercial property development companies and private investment funds. There is no assurance that MGCCT will be able to compete effectively against such entities.

Acquisitions may not yield the returns expected, resulting in disruptions to MGCCT's business and straining of management resources.

MGCCT's external growth strategy and its asset selection process may not be successful and may not provide positive returns to Unitholders.

Acquisitions may cause disruptions to MGCCT's operations and divert management's attention away from day-to-day operations.

The Manager's strategy to initiate asset enhancement on some of the Properties from time to time may not materialise.

The Manager may from time to time initiate asset enhancement on some of the Properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs.

MGCCT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

MGCCT's performance depends, in part, upon the continued service and performance of the executive officers of the Manager. (See "The Manager and Corporate Governance – The Manager of MGCCT – Executive Officers of the Manager" for details of the executive officers of the Manager.) These key personnel may leave the employment of the Manager. If any of the above were to occur, the Manager will need to spend time searching for a replacement and the duties which such executive officers are responsible for may be affected. The loss of any of these individuals could have a material adverse effect on the financial condition and the results of operations of MGCCT.

MGCCT may incur losses arising from claims brought against Festival Walk (2011) Limited in connection with the operations of Festival Walk.

As at 31 December 2012, Festival Walk (2011) Limited employs 89 security guards to provide security services for Festival Walk. There is no assurance that claims will not be brought against Festival Walk (2011) Limited for damage, losses or injuries suffered by the employees of Festival Walk (2011) Limited or by third parties in connection with the provision of such services. The losses resulting from such claims may not be fully reimbursed by insurance proceeds.

MGCCT may from time to time be subject to legal proceedings and government proceedings.

Legal proceedings against MGCCT and/or its subsidiaries relating to property management and disputes over tenancies may arise from time to time. There can be no assurance that MGCCT and/or its subsidiaries will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the financial condition, results of operation or cash flow of MGCCT.

MGCCT's subsidiaries are regulated by various government authorities and regulations. If any government authority believes that MGCCT's subsidiaries or any of their tenants are not in compliance with the regulations, it could shut down the relevant non-compliant entity or delay the approval process, refuse to grant or renew the relevant approvals or licences, institute legal proceedings to seize the properties, enjoin future action or (in the case of MGCCT's subsidiaries not being in compliance with the regulations), assess civil and/or criminal penalties against MGCCT, its officers or employees. Any such action by the government authority would have a material adverse effect on the business, financial condition and results of operations or cash flow of MGCCT.

As the settlement consideration payable to the vendor for Gateway Plaza on the Listing Date is in US dollars, there is both foreign currency exposure and impact on the working capital balance on the Listing Date.

The Manager signed the Share Purchase Agreement for Gateway Plaza on 14 February 2013 ("**Gateway SPA Date**"), under which the consideration payable to the vendor is in US dollars on the Listing Date. As the IPO proceeds are in Singapore dollars, there is foreign currency exposure for the settlement consideration payable to the vendor of Gateway Plaza on the Listing Date. To

mitigate this foreign exchange exposure for settlement for Gateway Plaza, the Manager may consider hedging such exposure after reviewing market conditions and taking a view on projected currency rates on the Listing Date. There is no certainty that the working capital amount projected in "Use of Proceeds", which will be utilised in case of fluctuations in S$:US$, will remain as the projected amount therein on the Listing Date, if there are material fluctuations in US$:S$ exchange rate between the Gateway SPA Date and the Listing Date.

MGCCT may engage in interest rate hedging transactions, which can limit gains and increase costs.

MGCCT may enter into interest rate hedging transactions to protect itself from the effects of interest rate on floating rate debt. Interest rate hedging activities may not have the desired beneficial impact on the operations or financial condition of MGCCT.

Interest rate hedging could fail to protect MGCCT or adversely affect MGCCT because among others:

- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs MGCCT's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Such changes although unrealised, would reduce the NAV of MGCCT if it is due to downward adjustments.

Interest rate hedging involves risks and transaction costs, which may reduce overall returns.

Possible change of investment strategies may adversely affect Unitholders' investments in MGCCT.

The Manager may from time to time amend the investment strategies of MGCCT if it determines that such change is in the best interest of MGCCT and its Unitholders without seeking Unitholders' approval. In the event of a change of investment strategies, the Manager may, subject to the relevant laws regulations and rules (including the Listing Manual of the SGX-ST (the "**Listing Manual**")), alter such investment strategies upon the expiry of three years from the Listing Date, provided that it has given not less than 30 days' prior notice of the change to the Trustee and Unitholders by way of an announcement on the SGX-ST. The methods of implementing MGCCT's investment strategies may vary as new investment and financing techniques are developed or otherwise used. Such changes may adversely affect Unitholders' investment in MGCCT.

The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the business, financial condition and results of operations of MGCCT.

In 2009, outbreaks of Influenza A (H1N1-2009) occurred in a number of countries across the world including Hong Kong and the PRC.

In late 2003 and June 2004, outbreaks of avian influenza occurred in a number of countries in Asia. In 2005 and 2006, outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. Some of these outbreaks severely affected the poultry and related industries and, in addition, several cases of bird-to-human transmission of avian influenza were reported in various countries. In June 2007, World Health Organisation reported new cases of human infection of avian influenza (H5N1) in the PRC and Indonesia.

In 2003, Hong Kong, Taiwan, the PRC, Singapore, Malaysia and other places experienced an outbreak of SARS, which adversely affected the Asian economies, including the Hong Kong and PRC economies. The property sector was one of the sectors that experienced poor performance during the SARS outbreak.

There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

The outbreak of an infectious disease such as Influenza A (H1N1-2009), avian influenza or SARS in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and could thereby adversely impact the revenues and results of MGCCT. These factors could materially and adversely affect the business, financial condition and the results of operations of MGCCT.

Occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may adversely and materially affect the business and operations of the Properties.

Acts of God, such as natural disasters, and severe environmental pollution (including severe smog), are beyond the control of MGCCT or the Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. MGCCT's business and income available for distribution may be adversely affected should such acts of God occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Properties and hence MGCCT's income available for distribution.

In addition, physical damage to the Properties resulting from fire, earthquakes or other acts of God may lead to a significant disruption to the business and operation of the Properties. This may then result in an adverse impact on the business, financial condition and results of operations of MGCCT and its capital growth.

There is no assurance that MGCCT will be able to leverage on the Sponsor's experience in the operation of the Properties or the Sponsor's experience in the management of REITs.

In the event that the Sponsor decides to transfer or dispose of its Units or its shares in the Manager, MGCCT may no longer be able to leverage on:

- the Sponsor's experience in the ownership and operation of commercial properties;
- the Sponsor's financial strength, market reach and network of contacts to further its growth; or
- the Sponsor's experience in the management of REITs.

In addition, MGCCT may not be able to benefit from the range of corporate services which are available to owners of properties managed by the Sponsor. This may have a material and adverse impact on MGCCT's results of operations and financial condition which may consequently affect its ability to make distributions to its Unitholders.

MGCCT's investment strategy may entail a higher level of risk as compared to other types of unit trusts that have a more diverse range of investments.

MGCCT's investment strategy of principally investing, directly or indirectly, in real estate in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes) and real estate-related assets will subject MGCCT to risks inherent in concentrating in real estate. The level of risk could be higher as compared to other types of unit trusts that have a more diverse range of investments in other sectors.

A concentration of investments in real estate located primarily in Greater China exposes MGCCT to the risk of a downturn in the Greater China commercial property market and in the Greater China region. Any economic slowdown in the Greater China region could negatively affect the performance of the Greater China commercial property market. The renewal of leases in MGCCT's properties will depend, in part, upon the success of the tenants. Any economic downturn may cause higher levels of non-renewals of leases or vacancies as a result of failures or defaults by tenants or the market pressures exerted by an increase in available commercial space. There can be no assurance that the tenants of MGCCT's properties will renew their leases or that the new lease terms will be as favourable as the existing leases. In the event that a tenant does not renew its lease, a replacement tenant or tenants would need to be identified, which could subject MGCCT's properties to periods of vacancy and/or costly refittings, during which periods MGCCT could experience reductions in rental income.

Such downturns may lead to a decline in occupancy for properties or real estate-related assets in MGCCT's portfolio. This will affect MGCCT's rental income from the Properties, and/or a decline in the capital value of MGCCT's portfolio, which will have an adverse impact on distributions to Unitholders and/or on the results of operations and the financial condition of MGCCT.

MGCCT may not be able to control or exercise any influence over entities in which it has minority interests.

MGCCT may, in the course of acquisitions, acquire minority interests in real estate-related investment entities. There is no assurance that MGCCT will be able to control such entities or exercise any influence over the assets of such entities or their distributions to MGCCT. Such entities may develop objectives which are different from those of MGCCT and may not be able to make any distribution. The management of such entities may make decisions which could adversely affect the operations of MGCCT and its ability to make distributions to Unitholders.

RISKS RELATING TO HONG KONG AND THE PRC

MGCCT may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations.

The revenue received from Festival Walk is in Hong Kong dollars and the revenue received from Gateway Plaza is in RMB. The Hong Kong dollars and the RMB have to be converted into Singapore dollars for the distribution payments at MGCCT's level. Accordingly, MGCCT is exposed to risks associated with exchange rate fluctuations which may adversely affect MGCCT's results of operations.

The value of Hong Kong dollars and RMB against foreign currencies fluctuates and is affected by changes in Hong Kong and the PRC and international political and economic conditions and by many other factors.

The value of the distributions received by a Unitholder may be adversely affected by fluctuations in the exchange rates between Hong Kong dollars, Renminbi, the Singapore dollar and any other currencies which may be adopted from time to time. Significant fluctuations in the exchange rates

between such currencies will also, among others, affect the NAV of the Units and the foreign currency value of the proceeds which a Unitholder would receive upon sale of the Units in Singapore. (See "Distributions" and "Exchange Rate Information and Exchange Controls" for further details.)

The Hong Kong Government has implemented control measures in relation to the Hong Kong property market.

Historically, the Hong Kong property market has been cyclical, with Hong Kong property values affected by supply and demand of comparable properties, the amount of new land made available by the Hong Kong Government to third parties, the rate of economic growth in Hong Kong and political and economic developments in the PRC. Property prices in Hong Kong declined in late 2008 and early 2009, although subsequently the property market witnessed a strong rebound in both transaction volume and prices. In 2010, property prices were further driven up by demand from PRC purchasers and speculators. As a result, the Hong Kong Government in November 2010 tightened mortgage lending rules to cool down the real estate market. In June 2011, the Hong Kong Monetary Authority introduced measures such as reducing the applicable maximum loan-to-value ratio by 10% for property mortgage loans to borrowers whose income is derived mainly from outside Hong Kong. In September 2012, the Hong Kong Monetary Authority introduced further measures to suppress property prices and also to strengthen credit risk management in the property mortgage lending business. Such measures include restricting maximum loan tenors to 30 years for all property mortgage loans, and tightening the underwriting criteria for borrowers with multiple properties under mortgage by (a) lowering debt servicing ratio from 50% to 40% and the maximum stressed debt servicing ratio from 60% to 50%; (b) limiting the maximum loan-to-value ratio to 30% for property mortgage loans assessed based on the net worth of mortgage applicants; (c) reducing the applicable loan-to-value ratio by another 10% for property mortgage loans to mortgage applicants whose principal income is derived from outside Hong Kong. In February 2013, the Hong Kong Monetary Authority introduced further measures to further strengthen the risk management of the mortgage lending business and the ability of mortgage borrowers to cope with the potential impact of interest rate rises in future. Such measures include lowering the applicable loan-to value ratio limits for non-residential property mortgage loans by 10 percentage points. There can be no assurance that property markets will not fall once again should there be a weakening in the economies of Hong Kong, the PRC or the rest of Asia. There is also no assurance that the Hong Kong Government will not implement additional control measures in relation to the Hong Kong property market.

The PRC Government has implemented property control measures in relation to the PRC property market.

Increasing speculation in the PRC property market may result in rapid increases in property prices. To discourage speculation in the PRC property market, the PRC Government has, among other things, implemented the control measures below.

On 7 January 2010, the State Council issued the Notice of the State Council Office Regarding the Promotion of Stable and Healthy Development of the Property Market (国务院办公厅关于促进房地产市场平稳健康发展的通知), which requires the local governments at all levels to strengthen the real estate credit risk management, to rectify the property market, and to intensify its efforts to promote the healthy development of the property market through supporting reasonable housing consumption, curbing speculative investment and increasing effective supply.

On 17 April 2010, the State Council issued the Notice of the State Council Regarding Curtailing the Excessively Prompt Increase in Property Prices in Certain Cities (国务院关于坚决遏制部分城市房价过快上涨的通知), which increased the minimum down-payment ratio for second homes from 40.0% to 50.0%. The State Council also required mortgage banks to strictly adhere to the policy of charging mortgage rates for second homes at no less than 110.0% of the corresponding

benchmark lending rate. The State Council required banks in cities with significant property price increases to stop lending to buyers of third properties. Banks can also suspend mortgage lending to non-local residents who cannot provide tax returns or proof of social security contributions for more than one year. The State Council also authorised local governments to restrict the number of properties an individual can buy.

On 16 January, 2011, the General Office of the State Council issued the Notice on Issues Concerning Further Properly Regulating and Controlling the Real Estate Market (国务院办公厅关于进一步做好房地产市场调控工作有关问题的通知), which further increased the minimum down-payment ratio for second homes from 50.0% to 60.0%. The State Council also authorised its branches to raise the down-payment ratio and mortgage rate for second homes in light of objectives and policies of local governments.

So far, the PRC Government has placed emphasis on regulating investments in the residential property market given that this relates closely to people's livelihoods. While these regulations and policies do not have any material impact on the commercial property market from a legal point of view, more funds may turn to the commercial property market and cause it to overheat as investments in residential property are burdened by these regulations and policies. In such cases, there is no assurance that the PRC Government will not extend such control measures to regulate commercial properties. Although various control measures are intended to promote more balanced property developments in the long-term, these measures could adversely affect the development and sales of the Properties. In addition, there is no assurance that the PRC Government will not introduce additional measures from time to time to regulate the growth of the PRC property market. The continuation of the existing measures and the introduction of any new measures may materially and adversely affect MGCCT's business, financial condition and results of operations.

MGCCT is subject to extensive PRC regulatory control on foreign investment in the real estate sector.

The PRC Government has promulgated a number of regulations and rules regulating foreign investment in the real estate sector. (See "Overview of Relevant Laws and Regulations in Hong Kong and the People's Republic of China".)

Pursuant to the Circular on Strengthening Administration of Approval and Filing of Foreign Investment in Real Estate Industry (关于加强外商投资房地产业审批备案管理的通知) (Shang Ban Zi Han [2010] No. 1542) issued by the General Office of the Ministry of Commerce of the PRC (the "**MOC**") on 22 November 2010, real estate enterprises funded by foreign capital are not permitted to purchase and resell real properties in the PRC that are either completed or under construction for arbitrage purposes. There can be no assurance that the PRC Government will not deem any transaction of real properties or any transfer of equity in real estate companies as arbitrage through transaction of real estate. The regulation is believed to be aimed at controlling inflow of foreign capital by curtailing the practices of reselling properties for arbitrage purposes adopted by some foreign investors, which is an indication that the PRC Government has been imposing stricter policies on foreign investment in the real estate industry. There is also no assurance that the PRC Government will not implement additional restrictions on foreign investment in the real estate industry and purchases and sales of real estate properties by foreign investors.

Delay by the PRC tax authorities in assessing taxes could affect the amount of distributions.

As RMB proceeds originating from Gateway Plaza can only be converted into foreign exchange and be remitted offshore after full payment of applicable taxes evidenced by tax clearance certificates issued by the PRC tax authorities, in the event the tax clearance certificates cannot be obtained from the PRC tax authorities in a timely manner, MGCCT's ability to make

distributions to Unitholders will be adversely affected and MGCCT may be required to take loan facilities to satisfy the payment of the distributions to Unitholders. If MGCCT is unable to obtain financing on terms that are acceptable or MGCCT has reached its aggregate leverage limit under the Property Funds Appendix, the amount of distributions could be adversely affected.

There may be political risks associated with doing business in Hong Kong.

Hong Kong is a Special Administrative Region of the People's Republic of China, with its own executive, judicial and legislative branches. Hong Kong enjoys a high degree of autonomy from the PRC under the principle of "one country, two systems". However, there can be no assurance that Hong Kong will continue to enjoy the same level of autonomy from the PRC. Any intervention by the PRC Government in the affairs of Hong Kong, in breach of the "one country, two systems" principle, may discourage investors from investing in Hong Kong or affect the net income of MGCCT's investment in Hong Kong which would adversely affect MGCCT's revenues and Unit prices.

Interpretation of the PRC laws and regulations involves uncertainty.

The taxation and real estate laws and in particular, the laws relevant to the rights of foreign investors and the entities through which they may invest are often unclear in the PRC where the assets of MGCCT are located.

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provinces and they may have different and varying applications and interpretations in different parts of the PRC. The PRC currently does not have any centralised register or official resources where legislation enacted by the central and local authorities is made available to the public. Legislation or regulations, particularly for local applications, may be enacted without prior notice or announcement to the public. Accordingly, the Manager may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation which it holds available for inspection. Accordingly, there is a risk that entities in the PRC acquired by MGCCT may be subject to proceedings which may not have been disclosed.

Agreements which are governed under PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for MGCCT to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

The building standards applicable and materials employed in the PRC may not be as stringent as those in other jurisdictions.

Gateway Plaza has passed the examination process and has obtained the completion certifications certifying that they can be handed over for occupation or use. However, the building standards applicable in the PRC when the Gateway Plaza was built may not be as stringent as those in other jurisdictions. For example, the applicable PRC seismic load design requirements may be less than those required by other international standards. Where a developed property asset is acquired which was constructed prior to the entry into force of the latest PRC building standards, the risk that the building is not in conformity with international standards is increased. Compliance with amended building codes may be required retrospectively, which could entail significant costs for MGCCT. Furthermore, construction materials employed may not comply with international standards.

If Gateway Plaza does not meet the most recent requirements for building standards and materials, it may be less desirable than developments which have been built in accordance with the latest standards, which may affect the ability to sell or let the Properties and consequently the business, financial condition and results of operations of MGCCT.

The properties owned by MGCCT or a part of them may be acquired compulsorily by the respective governments in Hong Kong and the PRC.

Under the laws and regulations of Hong Kong and the PRC, there are various circumstances under which the respective governments of Hong Kong and the PRC are empowered to acquire some of the Properties.

In the event of any compulsory acquisition of property in Hong Kong, the amount of compensation to be awarded is based on the open market value of such property and is assessed on the basis prescribed in the relevant ordinances. If Festival Walk is acquired compulsorily by the government of Hong Kong, the level of compensation paid to MGCCT pursuant to this basis of calculation may be less than the price which MGCCT paid for such property and/or the market value of such property at the relevant time.

For properties located in the PRC, in the event that the compensation paid for the acquisition is less than the market value of the Property, such compulsory acquisitions by the PRC Government would have an adverse effect on MGCCT and the value of its asset portfolio. In addition, even if the amount of compensation to be awarded is based on the open market value, the amount of compensation paid to MGCCT may be less than the price which MGCCT paid for such assets.

The PRC's political policies and foreign relations could affect the Properties.

Investment in a selection of PRC properties entails risks of a nature and degree not typically encountered in property investments in developed markets. In the PRC, there is a high risk of nationalisation, expropriation, confiscation, punitive taxation, currency restriction, political changes, government regulation, political, economic or social instability or diplomatic developments which could adversely affect the value of investments made in the PRC, including Gateway Plaza, and for which MGCCT may not be fairly compensated. Certain national policies may restrict foreigners investing in industries deemed sensitive to the national interest such as mining of certain kinds of minerals, construction and operation of natural reserves.

The PRC's economic reforms could affect MGCCT's business.

The PRC economy differs from the economies of most developed countries in many respects, including, its structure, its level of development, its growth rate, its control of foreign exchange and its allocation of resources. The PRC economy is still in the process of being transformed from a

planned economy to a more market-oriented economy. For the past two decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. Although the Manager believes these reforms will have a positive effect on its overall and long-term development, it cannot predict whether changes in the PRC's economic and other policies will or will not have any adverse effect on MGCCT's current or future business, financial condition and results of operations.

RISKS RELATING TO INVESTING IN REAL ESTATE

There are general risks attached to investments in real estate.

Investments in real estate and therefore the income generated from the Properties are subject to various risks, including but not limited to:

- adverse changes in political or economic conditions;
- adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the market in which MGCCT operates);
- the financial condition of tenants;
- the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by MGCCT to finance future acquisitions on favourable terms or at all;
- changes in interest rates and other operating expenses;
- changes in environmental laws and regulations, zoning laws and other governmental laws, regulations and rules and fiscal policies (including tax laws and regulations);
- environmental claims in respect of real estate;
- changes in market rents;
- changes in energy prices;
- changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market;
- competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms;
- inability to renew leases or re-let space as existing leases expire;
- inability to collect rents from tenants on a timely basis or at all due to bankruptcy or insolvency of the tenants or otherwise;
- insufficiency of insurance coverage or increases in insurance premiums;
- increases in the rate of inflation;
- inability of the property manager to provide or procure the provision of adequate maintenance and other services;

- defects affecting the Properties which need to be rectified, or other required repair and maintenance of the Properties, leading to unforeseen capital expenditure;
- the relative illiquidity of real estate investments;
- considerable dependence on cash flow for the maintenance of, and improvements to, the Properties;
- increased operating costs, including real estate taxes;
- any defects or illegal structures that were not uncovered by physical inspection or due diligence review;
- management style and strategy of the Manager;
- the attractiveness of MGCCT's properties to tenants;
- the cost of regulatory compliance;
- ability to rent out properties on favourable terms; and
- power supply failure, acts of God, wars, terrorist attacks, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rental or room rates or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of the Properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of MGCCT's real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economy in Hong Kong or the PRC, which may adversely affect the financial condition of MGCCT.

MGCCT may be adversely affected by the illiquidity of real estate investments.

MGCCT's investment strategy of principally investing, directly or indirectly, in real estate in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes) and real estate-related assets involves a higher level of risk as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect MGCCT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. MGCCT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. MGCCT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on MGCCT's financial condition and results of operations, with a consequential adverse effect on MGCCT's ability to deliver expected distributions to Unitholders.

MGCCT's ability to make distributions to Unitholders may be adversely affected by increases in direct expenses and other operating expenses.

MGCCT's ability to make distributions to Unitholders apart from the several circumstances set out below could be adversely affected if direct expenses and other operating expenses increase (save for such expenses which MGCCT is not responsible for pursuant to the lease agreements) without a corresponding increase in revenue.

Factors which could lead to an increase in expenses include, but are not limited to, the following:

- increase in property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- change in direct or indirect tax policies, laws or regulations;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- defects affecting, or environmental pollution in connection with, MGCCT's properties which need to be rectified;
- increase in insurance premium; and
- increase in cost of utilities.

The rate of increase in rentals (if any) of the Properties may be less than the inflation rate.

The rate of increase in rentals (if any) of the Properties may be less than the inflation rate and therefore an investment in MGCCT may not provide an effective hedge against inflation.

RISKS RELATING TO AN INVESTMENT IN THE UNITS

The form of payment of the Management Fee will have an impact on the distribution per Unit.

The amount of distribution available to Unitholders is affected by the form of payment of the Management Fee. If the Manager elects to receive the payment of the Management Fee in the form of cash, the amount of distribution available for distribution to Unitholders will be affected. Similarly, if the Manager elects to receive the payment of the Management Fee in the form of Units, the distribution will be distributed to a larger number of Units.

(See "Profit Forecast and Profit Projections – Sensitivity Analysis" for further details.)

Sale or possible sale of a substantial number of Units by the Sponsor (following the lapse of any applicable lock-up arrangements), or the Cornerstone Investors in the public market could adversely affect the price of the Units.

Following the Offering, MGCCT will have 2,661,709,000 issued Units, of which 931,598,000 Units will be held by the Sponsor assuming the Over-allotment Option is not exercised and 953,475,000 Units will be held by the Cornerstone Investors. If any of the Sponsor and/or any of its transferees of the Units (following the lapse of the relevant respective lock-up arrangement, or pursuant to any applicable waivers) or the Cornerstone Investors sells or is perceived as intending to sell a substantial amount of its Units, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected (see "Plan of Distribution – Lock-up Arrangements" and "Ownership of the Units" for further details).

MGCCT's ability to make distributions is dependent on the financial position of the Cayman Companies. MGCCT may not be able to make distributions to Unitholders or the level of distributions may fall.

In order for the Trustee to make distributions from the income of the Properties, MGCCT has to rely on the receipt of dividends, interests or repayments (where applicable) from the Cayman Companies. There can be no assurance that these companies will have sufficient revenue in any future period to pay dividends, pay interest or make repayments.

The level of revenue, distributable profits or reserves of the Cayman Companies available to pay dividends, pay interest or make repayments may be affected by a number of factors including, among other things:

- their respective business and financial positions;
- the availability of distributable profits;
- sufficiency of cash flows received by the Cayman Companies from the Properties;
- applicable laws and regulations which may restrict the payment of dividends by the Cayman Companies;
- operating losses incurred by the Cayman Companies in any financial year;
- losses arising from a revaluation of the Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which the Cayman Companies may distribute dividends;
- changes in accounting standards (including standards in respect of depreciation policies relating to real estate investment properties), taxation laws and regulations, laws and regulations in respect of foreign exchange and repatriation of funds, corporation laws and regulations in respect of statutory reserves required to be maintained) in Hong Kong, the PRC, Cayman Islands and Singapore;
- potential onshore tax and/or legal liabilities through investing in the Cayman Companies; and
- the terms of agreements to which the Cayman Companies are, or may become, a party to.

In addition, no assurance can be given as to MGCCT's ability to pay or maintain distributions or that the level of distributions will increase over time.

Market and economic conditions may affect the market price and demand for the Units.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units.

An increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

The NAV per Unit may be diluted if further issues are priced below the then current NAV per Unit.

The Trust Deed contemplates new issues of Units, the offering price for which may be above, at or below the then current NAV per Unit. The DPU may be diluted if new Units are issued and the use of proceeds from such issue of Units generates insufficient cash flow to cover the dilution. Where new Units, including Units which may be issued to the Manager in payment of the Manager's management, acquisition and/or divestment fees, are issued at less than the NAV per Unit, the then current NAV of each existing Unit may be diluted.

The laws, regulations and accounting standards in Singapore, the Cayman Islands, Hong Kong and/or the PRC may change.

MGCCT is a REIT constituted in Singapore, the Cayman Companies are incorporated in the Cayman Islands, the Hong Kong Property Companies are incorporated in Hong Kong and the PRC Company in the PRC. The laws, regulations (including tax laws and regulations) and/or accounting standards in Singapore, the Cayman Islands, Hong Kong and/or the PRC are subject to change. New laws and regulations may also be introduced in these jurisdictions. As a result, the financial statements of MGCCT may be affected by these changes. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The Manager has not quantified the effects of these proposed changes and there can be no assurance that these changes will not have a significant impact on the presentation of MGCCT's financial statements or on MGCCT's results of operations. In addition, such changes may adversely affect the ability of MGCCT to make distributions to Unitholders. There can be no assurance that any such changes to laws, regulations and accounting standards will not materially and adversely affect the business, financial condition and results of operations of MGCCT.

MGCCT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs.

MGCCT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect REITs in general or MGCCT specifically.

MGCCT may be unable to comply with the conditions for various tax exemptions and/or tax rulings obtained, or the tax exemptions and/or tax rulings may no longer apply.

MGCCT has obtained the Singapore Tax Ruling from IRAS. The Singapore Tax Ruling is subject to MGCCT satisfying the stipulated conditions. Where these conditions are not satisfied, or are no longer satisfied by MGCCT, the tax exemptions may not apply. The approvals may also be granted based on the facts presented to the IRAS. Where the facts turn out to be different from those represented to the IRAS, or where there is a subsequent change in the tax laws, the tax exemptions under the Singapore Tax Ruling may not apply.

MGCCT may suffer higher taxes if any of its subsidiaries are treated as having a taxable presence or permanent establishment outside their place of incorporation and tax residency.

Currently, MGCCT and its subsidiaries are not regarded as having any taxable presence or permanent establishment outside their place of incorporation and place of tax residency. If any of MGCCT's subsidiaries is considered as having a taxable presence or permanent establishment outside its place of incorporation and place of tax residency, income or gains may be subject to additional taxes which may have an adverse impact on MGCCT's financial condition.

Foreign Unitholders may not be permitted to participate in future rights issues or entitlements offerings by MGCCT.

The Trust Deed provides that, the Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Manager may determine, subject to such other terms and conditions as the Trustee may impose. The proceeds of any such sale will be paid to the Unitholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Unitholders are less than S$10.00, the Manager is entitled to retain such proceeds as part of the Deposited Property. The holding of the relevant holder of the Units may be diluted as a result of such sale.

The actual performance of MGCCT and the Properties could differ materially from the forward-looking statements in this Prospectus.

This Prospectus contains forward-looking statements regarding, among others, forecast and projected distribution levels for the period from the Forecast Period 12/13 to the Projection Year 14/15. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies which are outside of the Manager's control (see "Profit Forecast and Profit Projections – Assumptions" for further details).

MGCCT's revenue is dependent on a number of factors including the receipt of rent from the Properties. This may adversely affect MGCCT's ability to achieve the forecast and projected distributions as events and circumstances assumed may not occur as expected, or events and circumstances may arise which are not anticipated.

No assurance is given that the assumptions will be realised and the actual distributions will be as forecast and projected.

Property yield on real estate to be held by MGCCT is not equivalent to distribution yield on the Units.

Generally, property yield depends on net property income and is calculated as the amount of revenue generated by the properties, less the expenses incurred in maintaining, operating, managing and leasing the properties compared against the current value of the properties.

Distribution yield on the Units, however, depends on the distributions payable on the Units, after taking into account other expenses including (i) taxes, (ii) interest cost for the debt facilities, (iii) REIT management fees and trustee's fees and (iv) other operating costs including administrative fees of MGCCT, as compared with the purchase price of the Units.

Full three years pro forma historical financial statements in relation to the Properties are not available and the Unaudited Pro Forma Financial Information contained in this Prospectus is not necessarily indicative of the future performance of MGCCT.

The Manager is unable to prepare the full three years pro forma statements of total return to show the pro forma historical financial performance of MGCCT and the Unaudited Pro Forma Financial Information contained in this Prospectus is not necessarily indicative of the future performance of MGCCT. (See "Unaudited Pro Forma Financial Information" for further details.)

This will make it more difficult for investors to assess MGCCT's likely future performance. There is no assurance that the Properties will be able to generate sufficient revenue for MGCCT to make distributions to Unitholders or that such distributions will be in line with those set out in "Profit Forecast and Profit Projections".

The Manager is not obliged to redeem Units.

Unitholders have no right to request the Manager to redeem their Units while the Units are listed on the SGX-ST. Unitholders may only deal in their listed Units through trading on the SGX-ST. Accordingly, apart from selling their Units through trading on the SGX-ST, Unitholders may not be able to realise their investments in Units.

If the Units are de-listed from the SGX-ST and are unlisted on any other recognised stock exchange, the Manager may, but is not obliged to, repurchase or cause the redemption of Units more than once a year in accordance with the Property Funds Appendix and a Unitholder has no right to request for the repurchase or redemption of Units more than once a year.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units.

There is no public market for the Units prior to the Offering and an active public market for the Units may not develop or be sustained after the Offering. The Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST. However, listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Prospective Unitholders must be prepared to hold their Units for an indefinite length of time.

There is no assurance that the Units will remain listed on the SGX-ST.

Although it is intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Among other factors, MGCCT may not continue to satisfy the listing requirements. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

Certain provisions of the Singapore Code on Take-overs and Mergers could have the effect of discouraging, delaying or preventing a merger or acquisition which could adversely affect the market price of the Units.

Under the Singapore Code on Take-overs and Mergers, an entity is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Singapore Code on Take-overs and Mergers) in the event that an increase in the aggregate unitholdings of it and/or parties acting in concert with it results in the aggregate unitholdings crossing certain specified thresholds.

While the Singapore Code on Take-overs and Mergers seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

The price of the Units may decline after the Offering.

The Offering Price of the Units is determined by agreement between the Manager and the Joint Global Coordinators. The Offering Price may not be indicative of the market price for the Units upon completion of the Offering. The trading price of the Units will depend on many factors, including, but not limited to:

- the perceived prospects of MGCCT's business and investments and the market for commercial properties or real estate-related assets;

- differences between MGCCT's actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of MGCCT's assets;
- the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Units;
- the size and liquidity of the Singapore REIT market from time to time;
- any changes from time to time to the regulatory system, including the tax system, both generally and specifically in relation to Singapore REITs;
- the ability on the Manager's part to implement successfully its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets.

Units may trade at prices that are higher or lower than the NAV per Unit. To the extent that MGCCT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of MGCCT's underlying assets, may not correspondingly increase the market price of the Units. Any failure to meet market expectations with regards to future earnings and cash distributions may adversely affect the market price for the Units.

Where new Units are issued at less than the market price of Units, the value of an investment in Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in MGCCT.

The Units are not capital-safe products. There is no guarantee that Unitholders can regain the amount invested. If MGCCT is terminated or liquidated, investors may lose a part or all of their investment in the Units.

Third parties may be unable to recover in claims brought against the Manager as the Manager is not an entity with significant assets.

Third parties, in particular, Unitholders, may in future have claims against the Manager in connection with the carrying on of its duties as manager of MGCCT (including in relation to the Offering and this Prospectus).

Under the terms of the Trust Deed, the Manager is indemnified from the Deposited Property against any actions, costs, claims, damages, expenses or demands to which it may be put as the manager of MGCCT unless occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager. In the event of any such fraud, gross negligence, wilful default or breach, only the assets of the Manager itself and not the Deposited Property would be available to satisfy a claim.

USE OF PROCEEDS

The Manager intends to raise gross proceeds of S$1,683 million from the Offering (assuming that the Over-Allotment Option is fully exercised) and the Cornerstone Units.

The Manager also intends to draw down from the Facility an amount of HK$12,150 million (S$1,935 million) on the Listing Date.

The total cash proceeds raised from the Offering and the Cornerstone Units, as well as the amount drawn down from the Facility will be used towards the following:

- payment to the Vendors for the purchase price payable in relation to the acquisition of the Properties;
- payment of transaction costs incurred in relation to the Offering and the Facility; and
- working capital.

The following table, included for the purpose of illustration, sets out the intended sources and applications of the total proceeds from the Offering, the Sponsor Subscription Units and the Cornerstone Units as well as the Facility.

Based on the Offering Price, assuming that the Over-Allotment Option is fully exercised:

Sources	(S$'000)	Applications	(S$'000)
Offering	796,533	Acquisition of the Properties[1]	4,310,430
Sponsor Subscription Units	792,125	Transaction costs[2]	70,131
Cornerstone Units	886,732	Working capital	29,449
Facility	1,934,621[3]		
Total	**4,410,010**	**Total**	**4,410,010**

Notes:

(1) This comprises the purchase price for the 100% equity interest in Claymore Limited and Beijing Gateway Plaza (Cayman) Ltd., which is equivalent to the purchase consideration for the Properties based on the Offering Price, the value of the remaining net assets of Claymore Limited and Beijing Gateway Plaza (Cayman) Ltd. as at the Listing Date prior to their acquisition by MGCCT, amounts utilised for the repayment of the existing loans and settlement of related party balances in the books of Claymore Limited and Beijing Gateway Plaza (Cayman) Ltd., and related acquisition costs.

(2) Transaction costs include expenses incurred in relation to the Offering and the Facility, where applicable.

(3) Equivalent to the Facility size of HK$12,150 million.

LIQUIDITY

As at the Listing Date, MGCCT will have a cash balance of approximately S$132.1 million. The Manager believes that this cash balance will be sufficient for MGCCT's working capital requirements over the next 12 months following the Listing Date.

OWNERSHIP OF THE UNITS

EXISTING UNITS

On 14 February 2013, upon the constitution of MGCCT, one Unit was issued to Moonstone Assets Pte. Ltd.. The issue price of the Sponsor Initial Unit was S$1.00. No other Units have been issued.

PRINCIPAL UNITHOLDERS OF MGCCT AND THEIR UNITHOLDINGS

The total number of Units in issue immediately after completion of the Offering will be 2,661,709,000 Units.

The following table sets out the principal Unitholders of MGCCT and their unitholdings immediately upon completion of the Offering:

		Units in issue immediately before the issue of the Offering Units		Units in issue after the Offering (assuming that the Over-Allotment Option is not exercised)		Units in issue after the Offering (assuming that the Over-Allotment Option is exercised in full)	
			(%)	('000)	(%)	('000)	(%)
Sponsor[1]		1	100.0	931,598	35.00	851,747	32.00
Kent Assets Pte. Ltd.[2]		–	–	718,661	27.00	718,661	27.00
Suffolk Assets Pte. Ltd.[2]		–	–	133,086	5.00	133,086	5.00
Moonstone Assets Pte. Ltd.[2][3]		1	100.0	79,851	3.00	–	–
Cornerstone Investors	AIA[4]	–	–	92,430	3.47	92,430	3.47
	Asdew Acquisitions	–	–	53,763	2.02	53,763	2.02
	CBRE Clarion	–	–	132,819	4.99	132,819	4.99
	Columbia Wanger	–	–	53,763	2.02	53,763	2.02
	Henderson[5]	–	–	113,733	4.27	113,733	4.27
	Hwang Investment Management	–	–	92,430	3.47	92,430	3.47
	Morgan Stanley Investment Management Company	–	–	66,666	2.50	66,666	2.50
	Myriad Asset Management	–	–	53,763	2.02	53,763	2.02
	Newton Investment Management	–	–	107,526	4.04	107,526	4.04
	Norges Bank Investment Management	–	–	132,819	4.99	132,819	4.99
	Phileo Capital	–	–	53,763	2.02	53,763	2.02
Public and institutional investors		–	–	776,636	29.18	856,487	32.18

Notes:

(1) The Sponsor, being the holding company of Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd., is deemed to have an interest in the Units held by Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd.

(2) Kent Assets Pte. Ltd. and Suffolk Assets Pte. Ltd. are wholly-owned subsidiaries of the Sponsor and together with Moonstone Assets Pte. Ltd. have each entered into a Sponsor Subscription Agreement to subscribe for the Sponsor Subscription Units at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

(3) Moonstone Assets Pte. Ltd. is a wholly-owned subsidiary of the Sponsor. Moonstone Assets Pte. Ltd. will loan 79,851,000 Units to the Joint Global Coordinators to cover the over-allotment of Units (if any). Any Units which are not purchased pursuant to the exercise of the Over-Allotment Option will be re-delivered to Moonstone Assets Pte. Ltd.

(4) Through AIA Company Limited, AIA Singapore Private Limited and American International Assurance Company (Bermuda) Limited, Hong Kong Branch.

(5) Through Henderson Global Investors (Singapore) Limited, Henderson Global Investors Limited and Henderson Alternative Investment Advisor Limited.

LOCK-UPS

The Sponsor, Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd. have each agreed to (i) a lock-up arrangement during the First Lock-up Period in respect of its direct and indirect effective interest in the Lock-up Units, and (ii) a lock-up arrangement during the Second Lock-up Period in respect of its direct and indirect effective interest in 50.0% of the relevant Lock-up Units, subject to certain exceptions.

The Manager has also undertaken not to offer, issue, sell, contract to issue any Units, or make any announcements in connection with any of the foregoing transactions, during the First Lock-up Period, subject to certain exceptions.

The Cornerstone Investors are not subject to any lock-up restrictions in respect of their Unitholdings.

(See “Plan of Distribution – Lock-up Arrangements” for further details.)

RESERVED UNITS

50,304,000 Units have been reserved under the Public Offer for subscription by the directors, management, employees and business associates of the Sponsor and its subsidiaries. (See “Plan of Distribution” for further details.)

SUBSCRIPTION BY THE SPONSOR

Concurrently with, but separate from the Offering, Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd., wholly-owned subsidiaries of the Sponsor, have each entered into a Sponsor Subscription Agreement to subscribe for an aggregate of 931,597,999 Units at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

SUBSCRIPTION BY THE CORNERSTONE INVESTORS

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into separate subscription agreements with the Manager to subscribe for an aggregate of 953,475,000 Units at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

The Cornerstone Investors may subscribe for Units in the Offering.

In the event that any one or more of the Cornerstone Investors fails to subscribe for and pay for the Cornerstone Units which they have committed to subscribe, the Offering will still proceed and subscribers of the Units will still be required to pay for and complete their subscriptions of Units pursuant to the Offering.

Information on the Cornerstone Investors

AIA

AIA Group Limited and its subsidiaries (collectively "**AIA**" or the "**AIA Group**") comprise the largest independent publicly listed pan-Asian life insurance group, with a broad footprint spanning 16 markets in Asia Pacific. The AIA Group traces its roots in the region back more than 90 years and has total assets of US$119,494 million as of 31 May 2012. The AIA Group has operations in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, Sri Lanka and a joint venture in India. AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code "1299".

Asdew Acquisitions

Asdew Acquisitions Pte Ltd is an investment company incorporated in Singapore in 1999 which is predominantly owned by Mr Wang Yu Huei. It invests mostly in listed equities, fixed income products and real estate products. Mr Wang was previously a director of Kim Eng Holdings Ltd from 1995 to 2004 and an independent director of Enzer Corporation Ltd from 2001 to 2005. When he was a stockbroker, he was also director of Kim Eng Securities Pte. Ltd. from 1992 to 1997.

CBRE Clarion

CBRE Clarion Securities LLC is a registered investment advisory firm specialising in the management of global listed real estate securities for both institutional and individual investors. Headquartered near Philadelphia, Pennsylvania, the firm manages approximately US$22 billion in assets and has over 80 employees located in the offices in the United States, United Kingdom, Hong Kong, Japan and Australia.

Columbia Wanger

Columbia Wanger Asset Management, LLC ("**CWAM**") (operating as a limited partnership prior to 1 May 2010 and named Wanger Asset Management, L.P. prior to 29 September 2000), serves as the investment adviser for Columbia Acorn International, a series of the Columbia Acorn Trust and Wanger International, a series of Wanger Advisors Trust. CWAM and its predecessors have managed mutual funds since 1992. CWAM is a registered investment adviser and wholly owned subsidiary of Columbia Management, which is a wholly owned subsidiary of Ameriprise Financial. Prior to 1 May 2010, when the long-term asset management business of Columbia Management Group, LLC, including 100% of CWAM, was acquired by Ameriprise Financial, CWAM was a wholly owned subsidiary of Bank of America. Prior to 1 April 2004, when FleetBoston Financial Corporation ("**Fleet**") was acquired by Bank of America, Columbia Management Group, LLC was a wholly owned subsidiary of Fleet. As of 30 September 2012, Columbia Wanger Asset Management, LLC had assets under management of approximately US$32 billion.

Henderson

Established in 1934 to administer the estates of Alexander Henderson, the first Lord Faringdon, Henderson is a leading independent global asset management firm. The company provides its institutional, retail and high net-worth clients access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private equity. With its principal place of business in London, Henderson is one of Europe's largest investment managers, with an estimated £64.8 billion assets under management (as at 30 September 2012) and employs around 1,074 people worldwide (as at 30 September 2012).

Hwang Investment Management

Hwang Investment Management Berhad ("**HwangIM**") was incorporated in Malaysia on 2 May 1997 under the Companies Act, 1965 and began operations under the name Hwang-DBS Unit Trust (HDBSUT) Berhad in 2001. It is supported by one of Malaysia's leading integrated financial services group, Hwang-DBS (M) Berhad ("**HDBS**") whose principal subsidiary, HwangDBS Investment Bank Berhad has over 38 years of experience in the securities industry, as well as Nikko Asset Management Asia Limited ("**Nikko AM Asia**", formerly known as DBS Asset Management Ltd). Nikko AM Asia is an independent Asian investment management company and its parent company Nikko Asset Management Group, is headquartered in Tokyo. The shareholders of HwangIM are HDBS (53%), Nikko AM Asia (30%) and Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar (17%). HwangIM had approximately RM20 billion assets under management as at 21 January 2013.

Morgan Stanley Investment Management Company

Morgan Stanley Investment Management Company is a company incorporated in Singapore and is ultimately wholly owned by Morgan Stanley. Morgan Stanley Investment Management Company manages and invests on behalf of client accounts of Morgan Stanley Investment Company and that of its affiliates. As at 31 December 2012, Morgan Stanley Investment Management Company and its affiliates worldwide managed and supervised US$338 billion in assets for institutional and retail investors globally.

Myriad Asset Management Limited

Myriad Asset Management Limited is a Hong Kong-based independent asset management company that has grown rapidly since being established in 2011. The Myriad Opportunities Fund is an Asia Pacific Integrated Multi-Strategy Investment Fund investing one focused portfolio across the corporate capital structure with a focus on equities, but also convertible bonds, and credit. Myriad Asset Management is managed by the CIO and founder, Carl Huttenlocher who has over 16 years of experience managing hedge fund strategies.

Newton Investment Management

Newton Investment Management Limited is a global investment management company incorporated in England and Wales which provides investment products and services to a broad spectrum of clients. Newton has assets under management of over £49.6bn (as at 31 December 2012).

Norges Bank Investment Management

Norges Bank Investment Management safeguards and builds financial wealth for future generations as the manager of the Norwegian Government Pension Fund Global. The fund is invested globally in equity, fixed-income and real estate markets. It held assets worth 3,723 billion kroner at the end of September 2012.

Phileo Capital Limited

Phileo Capital Limited is a recently-established investment holding company of the family of Tong Kooi Ong. The Tong family has interests in various property developments in Canada, Malaysia and elsewhere. It also has substantial interests in Taiga Building Products Ltd., an independent wholesale distributor of building products in Canada that is listed on Toronto Stock Exchange, of which Tong Kooi Ong is the Chairman of the Board of Directors. Apart from its diverse investment holdings, the Tong family also controls media companies in Singapore and Malaysia that publish respected business titles "The Edge Singapore" and "The Edge Malaysia".

SUBSCRIPTION BY THE DIRECTORS

The directors of the Manager may subscribe for Units under the Public Offer and/or the Placement Tranche. Save for the Manager's internal policy which prohibits the directors of the Manager from dealing in the Units at certain times (see "The Manager and Corporate Governance" for further details), there is no restriction on the directors of the Manager disposing of or transferring all or any part of their unitholdings.

DISTRIBUTIONS

DISTRIBUTION POLICY

MGCCT's distribution policy is to distribute 100.0% of MGCCT's Distributable Income for the period from the Listing Date to 31 March 2015. Thereafter, MGCCT will distribute at least 90.0% of its Distributable Income for each financial year. The actual level of distribution will be determined at the Manager's discretion. The actual proportion of Distributable Income distributed to Unitholders beyond 31 March 2015 may be greater than 90.0% to the extent that the Manager believes it to be appropriate, having regard to MGCCT's funding requirements, other capital management considerations and the overall stability of distributions.

For these purposes, and under the terms of the Trust Deed, the "**Distributable Income**" for a financial year is the amount calculated by the Manager (based on the audited financial statements of MGCCT for that financial year) as representing the consolidated audited net profit after tax of MGCCT and its SPVs for the financial year, as adjusted to eliminate the effects of Adjustments (as defined below). After eliminating the effects of these Adjustments, the Distributable Income may be different from the net profit recorded for the relevant financial year.

"**Adjustments**" means adjustments which are charged or credited to the consolidated profit and loss account of MGCCT for the relevant financial year or the relevant distribution period (as the case may be), including (i) unrealised income, including property revaluation gains, and reversals of impairment provisions, (ii) deferred tax charges/credits in respect of building capital allowance and accelerated tax depreciation, (iii) negative goodwill, (iv) differences between cash and accounting finance costs, (v) realised gains on the disposal of properties and disposal/settlement of financial instruments, (vi) the portion of the Management Fee and the property management fee that is paid or payable in the form of Units, (vii) costs of any public or other offering of Units or Convertible Instruments that are expensed but are funded by proceeds from the issuance of such Units or Convertible Instruments, (viii) depreciation and amortisation in respect of the Properties and their ancillary machines, equipment and other fixed assets, (ix) adjustment for amortisation of rental incentives, and (x) other non-cash gains and losses (as deemed appropriate by the Manager).

The Manager also has the discretion to distribute any additional amounts (including capital). In determining whether to distribute additional amounts (including capital), the Manager will consider a range of factors including but not limited to MGCCT's funding requirements, its financial position, its growth strategy, compliance with relevant laws, regulations and covenants, other capital management considerations, the overall suitability of distributions and prevailing industry practice.

FREQUENCY OF DISTRIBUTIONS

After MGCCT is admitted to the Main Board of the SGX-ST, it will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 September and 31 March each year for the six-month period ending on each of the said dates. MGCCT's First Distribution will be for the period from the Listing Date to 30 September 2013 and will be paid by the Manager on or before 31 December 2013. Subsequent distributions will take place on a semi-annual basis. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period.

MGCCT's primary sources of liquidity for the funding of distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditure will be the receipts of rental income and borrowings.

Under the Property Funds Appendix, if the Manager declares a distribution that is in excess of profits, the Manager should certify, in consultation with the Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, MGCCT will be able to fulfil, from the Deposited Property, the liabilities of MGCCT as they fall due. The certification by the Manager should include a description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the Deposited Property. The certification should be made at the time the distribution is declared.

EXCHANGE RATE INFORMATION

The tables below set forth, for the period from 2009 to the Latest Practicable Date, information concerning the exchange rates between (i) RMB and Singapore dollars (in RMB per Singapore dollar) and (ii) Hong Kong dollars and Singapore dollars (in Hong Kong dollars per Singapore dollar). The exchange rates were based on the average between the bid and offer rates of the currency as obtained from Bloomberg L.P.[(1)]. No representation is made that (i) the RMB amounts actually represent such Singapore dollar amounts or could have been or could be converted into Singapore dollars or (ii) the Hong Kong dollar amounts actually represent such Hong Kong amounts or could have been or could be converted into Hong Kong dollars at the rates indicated, at any other rate, or at all. The exchange rates set out below are historical rates for illustrative purposes only and no representation is made regarding any trends in exchange rates.

	RMB/Singapore dollar[(1)]		
Period ended	**Average**	**High**	**Low**
2009	4.70	4.95	4.40
2010	4.97	5.19	4.80
2011	5.14	5.36	4.84
2012	5.05	5.18	4.86
August 2012	5.10	5.13	5.07
September 2012	5.13	5.18	5.08
October 2012	5.13	5.16	5.11
November 2012	5.10	5.12	5.08
December 2012	5.11	5.13	5.10
January 2013	5.07	5.11	5.03
February 2013[(2)]	5.03	5.05	5.01

Notes:

(1) **Source:** Bloomberg L.P.. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

(2) As at the Latest Practicable Date.

	HK dollar/Singapore dollar[1]		
Period ended	**Average**	**High**	**Low**
2009	5.34	5.62	4.99
2010	5.71	6.06	5.46
2011	6.20	6.49	5.92
2012	6.21	6.37	5.98
August 2012	6.21	6.25	6.19
September 2012	6.29	6.36	6.21
October 2012	6.33	6.37	6.29
November 2012	6.33	6.35	6.31
December 2012	6.35	6.36	6.34
January 2013	6.31	6.35	6.26
February 2013[2]	6.26	6.28	6.23

Notes:

(1) **Source:** Bloomberg L.P.. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

(2) As at the Latest Practicable Date.

EXCHANGE CONTROLS

Restrictions on Conversion of RMB into Foreign Currency

The principal regulation governing foreign currency exchange in the PRC is the Foreign Exchange Administration Rules (外汇管理条例) which was issued by the State Council in January 1996, became effective in April 1996 and was amended in January 1997 and August 2008. Under these rules, Renminbi is freely convertible for payments of current account items, including trade and service related foreign exchange transactions and dividend payments, but not for capital account expenses, including direct investment, loan or investment in securities outside the PRC. Renminbi may only be converted for capital account expenses once the prior approval of the State Administration of Foreign Exchange (the "**SAFE**") has been obtained. Under the Foreign Exchange Administration Rules, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of the SAFE for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions to commercial banks which are allowed to engage in foreign exchange business.

Rentals fall into the category of current account items where Renminbi is freely convertible for payments. Therefore, a foreign company (including a Hong Kong-based legal entity), as the owner of a property located in the PRC, may convert Renminbi denominated rentals into foreign exchange and remit the same offshore by presenting prerequisite documents to commercial banks which are allowed to engage in foreign exchange business, without prior approval of, or registration with, the SAFE. The said prerequisite documents may include (i) a written application; (ii) underlying lease agreements; (iii) invoices or payment notices; (iv) documents evidencing the underlying lease agreements have been filed with competent authorities; and (v) tax certificates evidencing the related taxes have been paid off or waived by competent tax authorities, according to the Interim Practice Guidance on Administration on Non-trading Foreign Exchange Sales and Payments and Foreign Exchange Receipts and Payments by Domestic Individual Residents (非贸

易售付汇及境内居民个人外汇收支管理操作规程(试行)) promulgated by the SAFE which came into effect on 1 May 2002 and the Notice on the Relevant Issues concerning Submitting Tax Certificates for Offshore Payments under Trade in Services and Other Items (关于服务贸易等项目对外支付提交税务证明有关问题的通知) jointly promulgated by the SAFE and the State Administration of Taxation which came into effect on 1 January 2009.

According to the Notice on Issues concerning Outward Remittance of Profits, Dividends and Distributions through Banks Authorised to Engage in Foreign Exchange Business (国家外汇管理局关于外汇指定银行办理利润、股息、红利汇出有关问题的通知) promulgated by the SAFE on 22 September 1998, as amended by the Notice on Amending "the Notice on Issues concerning Outward Remittance of Profits, Dividends and Distributions through Banks Authorised to Engage in Foreign Exchange Business" (国家外汇管理局关于修改《关于外汇指定银行办理利润、股息、红利汇出有关问题的通知》的通知) promulgated by the SAFE on 21 September 1999 and effective from 1 October 1999, a foreign-invested company incorporated in the PRC may remit dividends to its offshore shareholders by duly providing requisite documents to a bank authorised to engage in foreign exchange business (including but not limited to tax clearance certificates issued by the competent tax authorities, board resolution on the distribution of dividends, and audit reports issued by accounting firms) provided that the registered capital of the said foreign-invested company has been paid in on time, otherwise additional approval by the authorities will be required.

However, the relevant PRC Government authorities (especially the SAFE), which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign-invested enterprises to purchase and remit foreign currencies in the future.

CAPITALISATION

The following table sets forth the pro forma capitalisation of MGCCT as at the Listing Date and after application of the total proceeds from the Offering, the Sponsor Units and the Cornerstone Units. The information in the table below should be read in conjunction with "Use of Proceeds".

Borrowings (S$'000)	1,934,621[(1)]
Units in issue (S$'000)	2,475,389
Total Capitalisation (S$'000)	**4,410,010**

Note:

(1) Based on the Facility size of HK$12,150 million.

INDEBTEDNESS

Upon listing, MGCCT will have in place the Facility, comprising a HK$12,150 million unsecured term loan facility obtained from DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, United Overseas Bank Limited, Oversea-Chinese Banking Corporation Limited, Citibank N.A. Singapore Branch and Goldman Sachs Bank USA (the "**Lenders**"). The interest payable on the Facility is on a floating rate basis. The Facility will be fully drawn down on the Listing Date.

The cash proceeds drawn down from the Facility together with the cash proceeds raised from the Offering and the Cornerstone Units will be used towards the following:

- payment to the Vendors for the purchase price payable in relation to the acquisition of the Properties;
- payment of transaction costs incurred in relation to the Offering and the Facility; and
- working capital.

The Facility has staggered loan maturities of three, four and five year terms as described below:

- 33% of the Facility repayable in three years;
- 34% of the Facility repayable in four years; and
- 33% of the Facility repayable in five years.

It should be noted that pursuant to the Facility, the Properties will be subject to a negative pledge. Under the negative pledge, no security may be created or permitted to subsist over any of the Properties except:

- liens arising solely by operation of law and in the ordinary course of the Manager's operations in respect of indebtedness which has either (i) been due for less than 14 days or (ii) is being contested in good faith and by appropriate proceedings; or
- any security created or outstanding with the prior consent in writing from the Lenders constituting at least 75% of the Facility.

The Facility contains a change of control event which requires the manager of MGCCT to remain as a wholly-owned subsidiary of the Sponsor. In the event that the Manager is not a wholly-owned subsidiary of the Sponsor, it would result in a prepayment of the Facility.

In addition, MGCCT is putting in place approximately US$200 million (equivalent) in aggregate of committed multi-currency revolving credit facilities from various banks on an unsecured basis, for working capital purposes. Such multi-currency revolving credit facilities are expected to have the same change of control event as the Facility.

As at the Listing Date, MGCCT is expected to have gross borrowings of S$1,935 million (HK$12,150 million) with an Aggregate Leverage of 43.0%. MGCCT plans to fix the interest rate for at least 50.0% of the floating-rate Facility. The Manager has obtained, in respect of MGCCT, a provisional credit rating of Baa1 from Moody's.[1]

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1 The provisional issuer rating assumes the listing of MGCCT on the SGX-ST, the drawdown of unsecured debt facilities of S$1,935 million and the acquisition of the Properties by MGCCT. The final rating is conditional upon the successful completion of all the events described in the foregoing sentence. The Manager expects Moody's to assign its final rating of MGCCT on the Listing Date and will make an announcement on SGXNET of the final rating when it has been assigned to MGCCT. All ratings are subject to revision or withdrawal at any time. Moody's has not provided its consent, for the purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the credit rating information in this Prospectus and is therefore not liable for such information under Sections 253 and 254 (read with Section 302) of the SFA. While the Manager has taken reasonable action to ensure that the information has been reproduced in its proper form and context, and that it has been extracted fairly and accurately, neither the Manager nor any other party has conducted an independent review of, nor verified the accuracy of, such information. The provisional issuer rating obtained from Moody's is current and Moody's will be paid by the Trustee to provide the credit rating. The credit rating is not a recommendation to invest in any securities. Issuer credit ratings express Moody's opinion of an entity's creditworthiness and ability to meet its senior financial obligations. According to Moody's, the (P)Baa1 rating with a stable outlook reflects Moody's expectations of continued predictable cash generation from MGCCT's current portfolio driven by steady occupancy levels and strong organic growth from positive rental reversions and potential asset enhancement initiatives. It also takes into account the favourable supply and demand dynamics for properties in Hong Kong and Beijing over the near- to medium-term. Moody's methodology assumptions, limitations and other rating considerations for REITs include the following: (i) ratios presented in Moody's scorecards are based on past results, but their ratings are forward looking incorporating financial and operating performance expectations, (ii) discussion of important metrics not in the scorecard (common to all companies/industries) such as management, corporate governance, financial reporting quality, information disclosure, macro environment, litigation, regulatory trends could drive ratings, (iii) examples of factors not in the scorecard that could also drive ratings are occupancy rates or related party transactions, and (iv) sub-factors weightings may vary from one suggested in the scorecard under certain circumstances, such as external market shocks that cause liquidity to freeze. Credit ratings are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. Moody's defines credit risk as the risk that an entity may not meet its contractual, financial obligations as they come due and any estimated financial loss in the event of default. Credit ratings do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility. Full information regarding the relative rank of the credit rating, the detailed assumptions, limitations and methodology of the credit rating (including a description of Moody's scorecards), and attributes that the credit rating does not address may be found on the following website: www.moodys.com.

The Manager is unable to prepare pro forma statements of total return for the latest three financial years of MGCCT to show the pro forma historical financial performance of MGCCT as:

- the respective Vendors acquired Gateway Plaza on 12 April 2010 and Festival Walk on 18 August 2011. There is insufficient meaningful financial information for comparative purposes due to the relatively short period of ownership;

- full three-year historical pro forma financials cannot be prepared. In order to prepare the historical pro forma financial information of MGCCT to be included in this Prospectus, it will require historical financial information relating to the IPO Portfolio to be audited or reviewed and prepared, and the accuracy of the underlying historical financials and operating data needs to be warranted. MGCCT would be able to prepare such pro forma financials only for the period after the Properties were acquired by the Vendors but not for the financial periods prior to that as the previous owners would not warrant the accuracy of the underlying historical financials and operating data. Festival Walk comprises 76.4% of the portfolio based on the valuations[1] of the two properties. Therefore without Festival Walk, it would not be meaningful to prepare pro forma financials only in relation to Gateway Plaza as such pro forma financials would not be representative of MGCCT's portfolio going forward; and

- the basis for comparison would have changed substantially. After the acquisitions of the Properties by the Vendors from the previous owners, the capital structure and operations of the Properties have changed substantially and it would not be meaningful to compare the operating performance of the Properties before and after the acquisitions by the Vendors, even if the previous owners were prepared to warrant the accuracy of the previous financial information.

For the reasons stated above, the SGX-ST has granted MGCCT a waiver from the requirement to prepare historical pro forma statements of total return for the latest three financial years of MGCCT, subject to the inclusion of the following in this Prospectus:

- unaudited pro forma statements of total return and cash flow statements for the seven months ended 31 March 2012 and six months ended 30 September 2012, as if the acquisition of the Properties had been completed on 1 September 2011 (see "Unaudited Pro Forma Financial Information" and Appendix B, "Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at 31 March 2012 and 30 September 2012 and for the Seven Months Ended 31 March 2012 and Six Months Ended 30 September 2012");

- unaudited pro forma balance sheet as at 31 March 2012 and 30 September 2012 as if the acquisition of the Properties had been completed on 31 March 2012 and 30 September 2012, respectively (see Appendix B, "Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at 31 March 2012 and 30 September 2012 and for the Seven Months Ended 31 March 2012 and Six Months Ended 30 September 2012");

- an unaudited pro forma balance sheet as at the Listing Date as if the acquisition of the Properties had been completed on the Listing Date (see Appendix D, "Reporting Auditors' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date" and Appendix E, "Unaudited Pro Forma Balance Sheet as at the Listing Date");

- a profit forecast for the Forecast Period 12/13 and profit projections for the Projection Year 13/14 and Projection Year 14/15 (see "Profit Forecast and Profit Projections" and Appendix A, "Reporting Auditors' Report on the Profit Forecast and Profit Projections"); and

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1 Based on the lower of the two independent appraised values for each property.

- full disclosure on the reasons why historical pro forma financial information cannot be provided for FY09/10, FY10/11 and FY11/12 and the waivers granted (see "Unaudited Pro Forma Financial Information").

The Unaudited Pro Forma Financial Information and the Unaudited Pro Forma Balance Sheet as at the Listing Date have been prepared for illustrative purposes only and on the basis of the assumptions and accounting policies set out in Appendix C, "Unaudited Pro Forma Financial Information as at 31 March 2012 and 30 September 2012 and for the Seven Months Ended 31 March 2012 and Six Months Ended 30 September 2012" and Appendix E, "Unaudited Pro Forma Balance Sheet as at the Listing Date" respectively, and may not give a true picture of the actual total returns and financial position of MGCCT. The Unaudited Pro Forma Financial Information and the Unaudited Pro Forma Balance Sheet as at the Listing Date should be read together with these assumptions and accounting policies.

UNAUDITED PRO FORMA BALANCE SHEETS AS AT 31 MARCH 2012 AND 30 SEPTEMBER 2012

	As at 31 March 2012[1] S$'000	As at 30 September 2012[1] S$'000
Non-current assets		
Investment properties	4,396,707	4,294,489
Plant and equipment	402	1,038
	4,397,109	**4,295,527**
Current assets		
Inventories	590	619
Trade and other receivables	1,141	3,404
Cash and cash equivalents	79,287	139,942
	81,018	**143,965**
Total assets	**4,478,127**	**4,439,492**
Non-current liabilities		
Loans and borrowings	1,953,204	1,906,027
Trade and other payables	44,700	41,769
Deferred tax liabilities	4,696	13,560
	2,002,600	**1,961,356**
Current liabilities		
Trade and other payables	41,302	41,408
Current tax payable	5,389	6,794
	46,691	**48,202**
Total liabilities	**2,049,291**	**2,009,558**
Net assets	**2,428,836**	**2,429,934**
Unitholders' funds	**2,428,836**	**2,429,934**

Note:

(1) The Unaudited Pro Forma Balance Sheet as at 31 March 2012 and 30 September 2012 have been prepared assuming the issuance of 2,661,709,000 Units at the Offering Price of S$0.93 per Unit.

UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN FOR THE SEVEN MONTHS ENDED 31 MARCH 2012 AND SIX MONTHS ENDED 30 SEPTEMBER 2012

	Seven months ended 31 March 2012[1] S$'000	Six months ended 30 September 2012[1] S$'000
Gross revenue	125,534	109,032
Property operating expenses	(27,026)	(21,445)
Net property income	**98,508**	**87,587**
Administrative expenses	(75)	(144)
Manager's management fees	(8,357)	(6,920)
Trustee's fees	(512)	(509)
Other trust expenses	(965)	(994)
Net finance costs	(23,434)	(19,718)
Change in fair value of investment properties	1,407	1,345
Total return for the period before tax	**66,572**	**60,647**
Income tax expense	(12,254)	(10,719)
Total return for the period	**54,318**	**49,928**

Note:

(1) The Unaudited Pro Forma Statements of Total Return for the seven months ended 31 March 2012 and the six months ended 30 September 2012 have been prepared assuming the issuance of 2,661,709,000 Units at the Offering Price of S$0.93 per Unit.

UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS FOR THE SEVEN MONTHS ENDED 31 MARCH 2012 AND SIX MONTHS ENDED 30 SEPTEMBER 2012

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Cash flows from operating activities		
Total return for the period	54,318	49,928
Adjustments for:		
Manager's management fee paid/payable in units	8,357	6,920
Property Manager's management fees paid/payable in units	4,617	4,074
Net surplus on revaluation of investment properties	(1,407)	(1,345)
Depreciation of plant and equipment	51	124
Net finance costs	23,337	19,721
Income tax expense	12,254	10,719
Foreign exchange gain/(loss)	47	(20)
	101,574	90,121
Changes in working capital:		
Trade and other receivables	(5,182)	(1,884)
Trade and other payables	(1,096,602)	(1,187,178)
Receipts in advance	–	(43)
Restricted cash	(38,000)	(29,518)
Cash used in operations	**(1,038,210)**	**(1,128,502)**
Tax paid	(81,520)	(64,817)
Net cash used in operating activities	**(1,119,730)**	**(1,193,319)**
Cash flows from investing activities		
Capital expenditure on plant and equipment	(304)	(780)
Capital expenditure on investment properties	(2,985)	(1,284)
Acquisition of subsidiaries, net of cash acquired	(582,666)	(582,666)
Interest received	406	379
Net cash used in investing activities	**(585,549)**	**(584,351)**

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Cash flows from financing activities		
Finance expense paid	(10,698)	(11,458)
Payment of transaction costs relating to borrowings	(22,567)	(22,567)
Proceeds from bank borrowings	1,880,577	1,880,577
Repayment of bank borrowings	(2,171,748)	(2,171,748)
Proceeds from issuance of units	2,475,389	2,475,389
Payment of transaction costs relating to the issuance of units	(45,605)	(45,605)
Distribution of retained earnings	(169,489)	(169,489)
Net cash from financing activities	**1,935,859**	**1,935,099**
Net increase in cash and cash equivalents	**230,580**	**157,429**
Cash and cash equivalents at beginning of period	15,642	173,000
Effect of foreign exchange rate fluctuations on cash balances held in foreign currencies	185	364
Cash and cash equivalents at end of period	**246,407**	**330,793**

UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

	As at the Listing Date[1] S$'000
Non-current assets	
Investment properties	4,311,781
Plant and equipment	1,041
	4,312,822
Current assets	
Inventories	620
Trade and other receivables	3,420
Cash and cash equivalents	132,109
	136,149
Total assets	**4,448,971**
Non-current liabilities	
Loans and borrowings	1,911,405
Trade and other payables	49,274
Deferred tax liabilities	13,599
	1,974,278
Current liabilities	
Trade and other payables	38,024
Current tax payable	6,844
	44,868
Total liabilities	**2,019,146**
Net assets	**2,429,825**
Unitholders' funds	**2,429,825**
Number of Units in issue ('000)	**2,661,709**
Net asset value per Unit (S$)	**0.91**

Note:

(1) The Unaudited Pro Forma Balance Sheet as at the Listing Date has been prepared assuming the issuance of 2,661,709,000 Units at the Offering Price of S$0.93 per Unit.

FACTORS AFFECTING RESULTS OF OPERATIONS AND DISCUSSION OF LIQUIDITY AND MARKET RISK

The following discussion should be read in conjunction with the Unaudited Pro Forma Financial Information and notes thereto included elsewhere in this Prospectus. Statements contained in this "Factors Affecting Results of Operations and Discussion of Liquidity and Market Risk" that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager or any other person, nor that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors" for further details). Recipients of this Prospectus and all prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements.

(See Appendix B, "Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at 31 March 2012 and 30 September 2012 and for the Seven Months Ended 31 March 2012 and Six Months Ended 30 September 2012" for further details.)

The Properties are located in Hong Kong and the PRC. Correspondingly, MGCCT's business and results of operations are affected by, among other things, the demand for and supply of, real estate space in Hong Kong and the PRC which are in turn affected by general economic conditions in Hong Kong and the PRC, such as local and international market economic conditions, the financial conditions of tenants, the availability of debt or equity financing, interest rates, other operating expenses and environmental laws and regulations, zoning laws and other governmental rules and fiscal policies and competition from other property owners for tenants. The principal competitive factors for commercial properties comprise among other things, rental rates, quality and location of the properties, supply of comparable space and evolving needs of business users, including those brought about by corporate restructuring and/or technological advances. In addition, the convenience of transportation accessibility and trade mix within a retail property, are also major factors in attracting shoppers and tenants.

GROSS REVENUE

MGCCT's Gross Revenue consists of:

- Gross Rental Income;
- other income earned from the Properties, including ice rink income, car park revenue, advertising and other income attributable to the operation of the Properties; and
- net of business tax for Gateway Plaza[1] .

Gross Rental Income

Gross Rental Income for each tenant consists of:

- "**Fixed Rent**", which consists of "**Base Rent**", being rental income received (after leasing incentives such as rent rebates and rent-free periods where applicable, but excluding Turnover Rent), service charges, chilled water charges and promotional levy, where applicable; and

1 There is no equivalent business tax in Hong Kong.

- "**Turnover Rent**", which is generally calculated as a pre-determined percentage of the tenant's gross turnover. In some cases, Turnover Rent may be subject to certain thresholds before it is payable, and the applicable percentage may vary with the turnover achieved.

For the purposes of this section "Factors Affecting Results of Operations and Discussion of Liquidity and Market Risk", Gross Rental Income is adjusted for rent-free incentives amortised over the lease periods. Promotional levy[1] and Turnover Rent are payable by retail tenants only.

Service charge is a contribution paid by tenants towards covering the operation and property maintenance expenses of the Properties. The amount of service charge levied on the tenants at each Property is dependent on market rates of comparable properties and consideration for actual operating expenses for the Properties. Under the current lease agreements, any revision in the service charges is subject to notification in writing to the tenants.

Other Income

Other income comprises car park revenue and other income attributable to the operation of the Properties, including items such as ice rink income, rental from third party promotions, license fees from advertising panels, mobile phone antennae, payphones, fit-out coordination fee and refuse compactor charge.

Factors Affecting Gross Revenue

MGCCT's Gross Revenue is affected by a number of factors including:

- rental rates for the Properties;
- occupancy and renewal rates; and
- general macro-economic and supply/demand trends affecting the real estate market, in particular, the retail and office property sectors in Hong Kong and the office property sector in Beijing as well as the wider PRC market.

Rental rates, occupancy and lease renewal rates are in turn affected by, among other things, the performance and supply of competing properties, tenant size, assumed tenant retention rates on expiry of the tenancy and market conditions.

In addition to general macroeconomic and supply/demand trends affecting the real estate market, occupancy rates depend on rental rates relative to other competing properties and the ability to minimise downtime arising from lease expiries or early termination.

(See "Business and Properties – Festival Walk – Competition" and "Business and Properties – Gateway Plaza – Competition" for further details.)

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1 The term "**promotional levy**" refers to promotion and marketing charges which include advertising costs, printing costs for all the collaterals, expenses incurred in connection with promotion events and festival decoration in the mall.

PROPERTY OPERATING EXPENSES

MGCCT's property operating expenses consist of:

- marketing and promotion expenses;
- operation and property maintenance expenses;
- utilities;
- statutory and professional fees;
- staff cost;
- property management fees;
- property and other taxes;
- government rents and rates; and
- other property operating expenses (including general expenses and other service fees).

Property Management Fees

The Property Manager will receive from MGCCT for each property under its management:

- 2.0% per annum of Gross Revenue for the relevant property. For Gateway Plaza, the Gross Revenue is calculated before business tax in the calculation of the property management fee[1];
- 2.0% per annum of NPI for the relevant property (calculated before accounting for the property management fee in that financial period); and
- where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider[2]. Such services shall include, but are not limited to, master planning work, retail planning work and environmental impact studies.

Marketing Services Commissions

In respect of the marketing services provided by the Property Manager, the Property Manager shall be entitled to receive from the Trustee, the following commissions:

(i) up to one month's gross rent inclusive of service charge, for securing a tenancy of three years or less;

(ii) up to two months' gross rent inclusive of service charge, for securing a tenancy of more than three years;

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1 There is no equivalent business tax in Hong Kong.

2 For the avoidance of doubt, the 20% fee payable to the Property Manager is over and above the fees payable to such third party service provider.

(iii) up to 0.5 month's gross rent inclusive of service charge, for securing a renewal of tenancy of three years or less; and

(iv) up to one month's gross rent inclusive of service charge, for securing a renewal of tenancy of more than three years.

For the avoidance of doubt, the Property Manager is not entitled to any marketing services commissions if such service is (i) performed by staff of any of the asset holding companies of MGCCT or (ii) performed by third party service providers. However, where any marketing services are provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20.0% of all fees payable to such third party service provider as further elaborated in the above paragraph relating to the property management fee.

Project Management Services Fees

For project management services, the Trustee will pay the Property Manager a project management fee to be mutually agreed in writing between the Manager, the Trustee and the Property Manager for the development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on a property, subject to:

(i) a limit of up to 3.0% of the total construction costs[1] ; and

(ii) (in the event that the project management fee is more than S$100,000) an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and reasonable range.

Festival Walk Staff Costs Reimbursement

The Property Manager takes over the centre management team of Festival Walk and also employs the persons to run The Glacier (which is the ice rink business of Festival Walk). The Property Manager is entitled (i) to be reimbursed for the cost of employing the persons within the centre management team of Festival Walk and the persons to run The Glacier (which is the ice rink business of Festival Walk) and (ii) to receive an administrative cost based on a margin of 3.0% of such employment cost[2] . This payment shall be made to the Property Manager in cash.

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1 "**Total construction costs**" means

(i) construction cost based on the project final account prepared by the project quantity surveyor;

(ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;

(iii) the cost of obtaining all approvals for the project;

(iv) site staff costs;

(v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices; and

(vi) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices.

2 The Property Manager is not in the position to unilaterally increase employment costs to its benefit since the total employment costs to be reimbursed to the Property Manager in any fiscal year have to be set out in the annual business plan and budget for Festival Walk to be pre-approved by the Trustee and the Manager before the start of that relevant fiscal year.

Government Rent and Rates

For Festival Walk in Hong Kong, the government rent is calculated at 3% of the rateable value of the property and adjusted in step with any subsequent changes in the rateable value (the "**Rateable Value**").

The government rates are charged at 5% of the Rateable Value which are reimbursable from tenants, except for the common areas such as car park and advertising panels.

The Rateable Value is an estimate of the annual rental value of the property at a designated valuation reference date, assuming that the property was then vacant and to be let. The annual rental value of a property is provided by the Rating & Valuation Department of the Hong Kong Government.

Business and Property-related Taxes

For Gateway Plaza according to the relevant business and property related taxes in China, business tax (including other surcharges) is levied on 5.6% of total Fixed Rent, car park income and other revenue, stamp duty tax on 0.1% of the total contracted rental income of new or renewal leases, urban and township land use tax at a fixed rate of RMB35,400 per month and urban real estate tax at 1.2% of 70% of the tax-based property value.

Other Property Operating Expenses

Other property operating expenses comprise ice rink expenses, administrative expenses, IT-related expenses and property management office expenses, as well as other miscellaneous expenses in relation to the Properties.

Factors Affecting Property Operating Expenses

MGCCT's property operating expenses may be affected by a number of factors including:

- fee arrangements for property management services;
- changes in the Hong Kong and PRC tax regime;
- the age and condition of the Properties;
- changes in the rate of inflation;
- changes in labour and material costs;
- changes in charges such as utilities tariffs; and
- the number of properties in MGCCT's portfolio.

MGCCT's property operating expenses may not be affected to the same degree as its Gross Revenue by the general macroeconomic trends affecting the property market in Hong Kong and the PRC (which may impact occupancy and rental rates) as a substantial portion of its property operating expenses are fixed expenses.

TRUST EXPENSES

MGCCT's trust expenses comprise mainly:

- the Manager's management fees;
- the Trustee's fees;
- finance costs; and
- other trust expenses.

Manager's Management Fees

Under the Trust Deed, the Manager is entitled to management fees comprising:

- a Base Fee of 10.0% per annum of the Distributable Income; and
- a Performance Fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such financial year may be less than the DPU in any preceding financial year.

Any increase in the rate or any change in the structure of the Manager's management fees must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

Trustee's Fees

The Trustee's fees are currently charged on a scaled basis of up to 0.02% per annum on the value of the Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST. The Trustee's fees are accrued daily and paid monthly in arrears in accordance with the Trust Deed. Under the Trust Deed, the maximum fee which the Trustee may charge is 0.1% per annum of the Deposited Property. Any increase in the Trustee's fees beyond the current scaled basis of up to 0.02% per annum of the value of the Deposited Property and not exceeding the maximum fee under the Trust Deed will be subject to written agreement between the Manager and the Trustee.

(See "The Formation and Structure of MGCCT – The Trustee" for further details.)

Finance Costs

Finance costs consist of interest expense, amortisation of debt issuance costs and the commitment fee on the unutilised portion of the revolving credit facilities.

Other Trust Expenses

Other trust expenses of MGCCT include recurring trust expenses such as annual listing fees, legal fees, registry and depository charges, accounting, audit and tax adviser's fees, credit rating agency fee, postage, printing and stationery costs, costs associated with the preparation of annual reports, investor communications and marketing costs and other miscellaneous expenses.

Taxes

Taxes comprise property-related taxes, withholding taxes and income taxes:

- Hong Kong income tax;
- Hong Kong stamp duty;
- PRC withholding tax;
- PRC business tax;
- PRC urban real estate tax;
- PRC urban and township land use tax;
- PRC stamp duty; and
- PRC urban construction and maintenance tax, education surcharge and local education surcharge.

(See "Taxation – Hong Kong Taxation" and "Taxation – PRC Taxation" for further details regarding taxes.)

LIQUIDITY AND CAPITAL RESOURCES

The principal sources of funding for the original acquisition or development and any subsequent improvement works at the Properties have historically been from internally generated funds, equity injections and bank borrowings.

PROFIT FORECAST AND PROFIT PROJECTIONS

Statements contained in the Profit Forecast and Profit Projections section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section of the Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of MGCCT, the Manager, the Trustee, the Joint Global Coordinators, the Sponsor or any other person, or that these results will be achieved or are likely to be achieved. (See "Forward-looking Statements" and "Risk Factors" for further details.) Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this Prospectus.

None of MGCCT, the Manager, the Trustee, the Joint Global Coordinators or the Sponsor guarantees the performance of MGCCT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The projected yields stated in the following table are calculated based on:

- ***the Offering Price; and***
- ***the assumption that the listing date of MGCCT is 1 April 2013.***

Such yields will vary accordingly if the listing date of MGCCT is not 1 April 2013, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price. Unitholders should note that in respect of the Forecast Period 12/13, they will only be entitled to a pro rata share of distributions declared and paid for the period from the Listing Date.

The following table shows MGCCT's forecast and projected Statements of Total Return for the Forecast Period 12/13, the Projection Year 13/14 and the Projection Year 14/15. The financial year end of MGCCT is 31 March. The Profit Forecast and Profit Projections may be different to the extent that the actual date of issuance of Units is other than on 1 April 2013, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projections are based on the assumptions set out below and have been examined by the Reporting Auditors, being KPMG LLP, and should be read together with the report "Reporting Auditors' Report on the Profit Forecast and Profit Projections" set out in Appendix A, as well as the assumptions and the sensitivity analysis set out in this section of the Prospectus.

Forecast and Projected Statements of Total Return

The forecast and projected statements of total return and distribution are as follows:

	Forecast Period 12/13 (1 October 2012 to 31 March 2013)	Projection Year 13/14 (1 April 2013 to 31 March 2014)	Projection Year 14/15 (1 April 2014 to 31 March 2015)
	S$'000	**S$'000**	**S$'000**
Gross revenue	112,818	234,139	247,704
Property operating expenses	(24,751)	(48,451)	(50,158)
Net property income	**88,067**	**185,688**	**197,545**
Administrative expenses	(252)	(697)	(816)
Manager's management fees	(6,566)	(13,979)	(18,356)
Trustee's fees	(254)	(510)	(510)
Other trust expenses	(828)	(1,655)	(1,988)
Net finance costs	(20,073)	(40,153)	(40,109)
Total return for the period before tax	**60,095**	**128,693**	**135,767**
Income tax expense	(10,361)	(21,989)	(23,634)
Total return for the period before distribution adjustments and after tax	**49,734**	**106,704**	**112,132**
Distribution adjustments[1]	15,925	33,089	41,078
Income available for distribution to Unitholders	**65,659**	**139,793**	**153,211**
Distribution to Unitholders based on payout of 100.0% of Taxable Income	**65,659**	**139,793**	**153,211**

Note:

(1) These include non-tax deductible expenses relating to 100% of the Manager's management fees, property management fees which are payable in the form of Units for the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15, fees paid to the Trustee, amortisation of the upfront fee on the term loan facility commitment fee of the revolving credit facilities, amortisation of rent-free incentives, deferred tax in relation to claim on capital allowance for Festival Walk and depreciation expenses.

	Projection Year 13/14	Projection Year 14/15
Weighted average number of Units in issue ('000)	2,668,485	2,693,044
Distribution per Unit (cents)	5.24	5.69
Offering Price (S$)	0.93	0.93
Distribution yield	**5.6%**	**6.1%**

ASSUMPTIONS

The Manager has prepared the Profit Forecast and Profit Projections on the following assumptions. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these assumptions as well as the Profit Forecast and Profit Projections and make their own assessment of the future performance of MGCCT.

Gross Revenue and Net Property Income Contribution of Each Property

The forecast and projected contributions of Festival Walk and Gateway Plaza to Gross Revenue are as follows:

Contribution to Gross Revenue	**Forecast Period 12/13**		**Projection Year 13/14**		**Projection Year 14/15**	
	S$'000	**%**	**S$'000**	**%**	**S$'000**	**%**
Festival Walk	86,066	76.3	176,361	75.3	182,572	73.7
Gateway Plaza	26,752	23.7	57,778	24.7	65,132	26.3
Gross Revenue	**112,818**	**100.0**	**234,139**	**100.0**	**247,704**	**100.0**

The forecast and projected contributions of Festival Walk and Gateway Plaza to Net Property Income are as follows:

Contribution to NPI	**Forecast Period 12/13**		**Projection Year 13/14**		**Projection Year 14/15**	
	S$'000	**%**	**S$'000**	**%**	**S$'000**	**%**
Festival Walk	65,691	74.6	136,516	73.5	141,844	71.8
Gateway Plaza	22,376	25.4	49,171	26.5	55,701	28.2
Gross NPI	**88,067**	**100.0**	**185,688**	**100.0**	**197,545**	**100.0**

Gross Revenue

Gross Revenue consists of:

- Gross Rental Income;
- Other income earned from the Properties, including ice rink income, car park revenue, advertising and other income attributable to the operation of the Properties; and
- Net of business tax for Gateway Plaza[1] .

1 There is no equivalent business tax in Hong Kong.

A summary of the assumptions which have been used in calculating the Gross Revenue is set out below:

Gross Rental Income

Gross Rental Income consists of:

- Fixed Rent which consists of Base Rent, service charges, chilled water charges and promotional levy, where applicable; and
- Turnover Rent, which is generally calculated as a pre-determined percentage of the tenant's gross turnover. In some cases, Turnover Rent may be subject to certain thresholds before it is payable, and the applicable percentage may vary with the turnover achieved.

For the purposes of this section "Profit Forecast and Profit Projections", Gross Rental Income is adjusted for rent-free incentives amortised over the lease periods. Promotional levy and Turnover Rent are payable by retail tenants only.

MGCCT's lease agreements in relation to tenants of Festival Walk and Gateway Plaza are typically for a period of three years, which is consistent with the usual market practice for office and retail space in Hong Kong and China. As at 30 September 2012, 88% of leases (based on number of leases) at Festival Walk (including both retail and office leases) and 11% of leases (based on number of leases) at Gateway Plaza have step-up structures in the Base Rent.

The percentage of projected Base Rent attributable to committed leases (including legally binding letters of offer which have been accepted) for the Properties as at 30 September 2012, are estimated as follows:

	Forecast Period 12/13	**Projection Year 13/14**	**Projection Year 14/15**
Percentage of Base Rent, attributable to committed leases (%)	**97.5**	**80.4**	**50.7**

The Manager has used the following basis to forecast and project the Gross Rental Income for the period following the expiry of a committed lease as well as vacant portions of Lettable Area at 30 September 2012:

- The Manager has assessed the market rent (both Fixed Rent and Turnover Rent where applicable) for each portion of Lettable Area as at 30 September 2012. The market rent is the rent which the Manager believes could be achieved if each lease was renegotiated as at 30 September 2012 and is estimated with reference to the Fixed Rent and Turnover Rent (where applicable) payable pursuant to comparable leases for tenancies that have recently been negotiated, the last contracted Fixed Rent and Turnover Rent (where applicable), the effect of competing properties, likely market conditions, assumed tenant retention rates on lease expiry, inflation levels and tenant demand levels.
- For Festival Walk retail and office leases, if a committed lease expires in the Forecast Period 12/13 and the years ending 31 March 2014 and 31 March 2015, the Manager has assumed that the rental rate for a new lease (or lease renewal) is the market rent (assessed as at 30 September 2012), or the actual rent (if the lease agreement or letter of offer has been entered into).
- For Gateway Plaza leases expiring in the Forecast Period 12/13 and the years ending 31 March 2014 and 31 March 2015, the Manager has assumed that the rental rate for a new lease (or lease renewal) is the market rent (assessed as at 30 September 2012), or the actual rent (if the lease agreement or letter of offer has been entered into).

Turnover Rent

Most of the retail tenants in Festival Walk have provisions in their leases that provide for the payment of Turnover Rent, which is calculated as a percentage of the tenant's gross monthly turnover. In some cases, Turnover Rent may be subject to certain thresholds before it is payable, and the applicable percentage may vary with the turnover achieved.

In order to forecast and project Turnover Rent, the Manager has made an assessment of the Turnover Rent which it expects to receive for Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15 for committed leases. In order to make this assessment, the Manager has reviewed historical Turnover Rent figures for each tenant that pays Turnover Rent. Where historical Turnover Rent figures are not available, the Manager has made an estimate of the tenant's expected turnover on a monthly basis, based on information provided by the tenant and other factors such as the growth outlook for retail sales for the tenant's trade category and size. Based on this assessment, the Manager has made a forecast and projection of the Turnover Rent for Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15. As at 30 September 2012, approximately 97% of the committed leases at Festival Walk (by Lettable Area) contain provisions for the payment of Turnover Rent. Only those committed leases and renewals of committed leases which contain Turnover Rent provisions and new leases/renewals entered into for units which previously contained Turnover Rent provisions have been included when preparing such forecast and projection. Turnover Rent is forecasted and projected to account for 3.5%, 2.5% and 2.3% of Gross Revenue for Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15 respectively.

Lease Renewals, Vacancy Allowance and Occupancy Rates

For Festival Walk retail leases expiring in the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15, where the actual vacancy and rent-free periods are already known pursuant to committed leases (including legally binding letters of offer which have been accepted) which are in place as at 30 September 2012, the actual vacancy and rent-free periods have been used in the Profit Forecast and Profit Projections. Where actual vacancy and rent-free periods are not known, the Manager has estimated the vacancy and rent-free periods for each leasable space on an individual lease basis. No vacancy period is forecasted for leases expected to be renewed, and vacancy periods of one month is forecasted for leases with new tenants. When determining the lease renewal and vacancy allowance assumptions, the Manager has taken into consideration the historical renewal rates – of all the leases at Festival Walk that were due for renewal in the seven months ended 31 March 2012 and six months ended 30 September 2012, an average of approximately 72% and 80% by Lettable Area respectively were renewed. For rent-free periods, the Manager has assumed an average of one month of rent-free period over a typical three-year lease term. This vacancy allowance and rent-free period have been applied to all projections of Gross Rental Income. The rent-free period has been amortised over the lease period in the calculation of Gross Rental Income.

For Festival Walk office leases expiring in the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15, where the actual vacancy and rent-free periods are already known pursuant to committed leases (including legally binding letters of offer which have been accepted) which are in place as at 30 September 2012, the actual vacancy periods have been used in the Profit Forecast and Profit Projections. Where actual vacancy and rent-free periods are not known, the Manager has estimated the vacancy and rent-free periods for each leasable space on an individual lease basis. Vacancy periods of one to two months are forecasted for leases with new tenants. For rent-free periods, the Manager has assumed an average of one to two months of rent-free period over a typical three-year lease term. This vacancy allowance and rent-free period has been applied to all projections of Gross Rental Income. The rent-free period has been amortised over the lease period in the calculation of Gross Rental Income.

For Gateway Plaza leases expiring in the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15, where the actual vacancy and rent-free periods are already known pursuant to committed leases (including legally binding letters of offer which have been accepted) which are in place as at 30 September 2012, the actual vacancy periods have been used in the Profit Forecast and Profit Projections. Where actual vacancy periods are not known, the Manager has estimated one month vacancy period on average before rent becomes payable under a new lease and one month rent-free period on average under a new lease. This vacancy allowance and rent-free period have been applied to all projections of Gross Rental Income. The rent-free period has been amortised over the lease period in the calculation of Gross Rental Income.

The Committed Occupancy as at 30 September 2012 and the average occupancy rate for the Forecast Period 12/13, Projection Year 13/14 and the Projection Year 14/15 for the Properties, are estimated as follows:

Committed/ Average Occupancy Rates	**30 September 2012**	**Forecast Period 12/13**	**Projection Year 13/14**	**Projection Year 14/15**
Festival Walk (Retail)	100.0%	100.0%	100.0%	100.0%
Festival Walk (Office)	100.0%	99.6%	97.3%	100.0%
Gateway Plaza	97.5%	97.6%	97.0%	96.0%
IPO Portfolio	**98.5%**	**98.6%**	**97.9%**	**97.7%**

Other Income

Other income comprises car park revenue, and other income attributable to the operation of the Properties including items such as ice rink income, rental from third party promotions, license fees from advertising panels, mobile phone antennae, payphones, fit-out coordination fee and refuse compactor charge. The assessment of other income is based on existing agreements, historical income collections and the Manager's assessment of the Properties.

Property Operating Expenses

Property Operating Expenses consist of (i) property management fee, (ii) property tax and (iii) other property operating expenses (including marketing and promotion expenses, staff cost[1] , government rent and utilities and property maintenance). A summary of the assumptions which have been used in calculating the Property Operating Expenses is set out below.

Property Management Fee

The following property management fee are payable to the Property Manager for each property of MGCCT under its management:

- 2.0% per annum of Gross Revenue for the relevant property. For Gateway Plaza, the Gross Revenue is calculated before business tax in the calculation of property management fee[2] ;
- 2.0% per annum of the NPI for the relevant property (calculated before accounting for the property management fee in that financial period); and

1 Staff costs include reimbursements paid/payable to the Property Manager in respect of agreed employee expenditure incurred by the Property Manager for providing its services as set out in the Property Management Agreement.

2 There is no equivalent business tax in Hong Kong.

- where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider[1] . Such services shall include but are not limited to master planning work, retail planning work and environmental impact studies.

The property management fee is effectively equivalent to 3.8%, 3.8% and 3.9% of Gross Revenues for the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15.

The Manager has agreed for the Property Manager to receive 100.0% of its property management fees in the form of Units for the period after listing in the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15. The portion of property management fees payable in the form of Units shall be payable quarterly in arrears. Where the property management fees are payable in Units, the Manager has assumed that such Units are issued at the Offering Price.

(See "Certain Agreements Relating to Mapletree Greater China Commercial Trust and the Properties – Property Management Agreement" for further details.)

Marketing Services Commissions

In respect of the marketing services provided by the Property Manager, the Property Manager shall be entitled to receive from the Trustee, the following commissions:

(i) up to one month's gross rent inclusive of service charge, for securing a tenancy of three years or less;

(ii) up to two months' gross rent inclusive of service charge, for securing a tenancy of more than three years;

(iii) up to 0.5 month's gross rent inclusive of service charge, for securing a renewal of tenancy of three years or less; and

(iv) up to one month's gross rent inclusive of service charge, for securing a renewal of tenancy of more than three years.

For the avoidance of doubt, the Property Manager is not entitled to any marketing services commissions if such service is (i) performed by staff of any of the asset holding companies of MGCCT or (ii) performed by third party service providers. However, where any marketing services are provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20.0% of all fees payable to such third party service provider as further elaborated in the above paragraph relating to the property management fee.

1 For the avoidance of doubt, the 20% fee paid to the Property Manager is over and above the fees payable to such third party service provider.

Project Management Services Fees

For project management services, the Trustee will pay the Property Manager a project management fee to be mutually agreed in writing between the Manager, the Trustee and the Property Manager for the development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on a property, subject to:

(i) a limit of up to 3.0% of the total construction costs[1] ; and

(ii) (in the event that the project management fee is more than S$100,000) an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and reasonable range.

Festival Walk Staff Costs Reimbursement

The Property Manager takes over the centre management team of Festival Walk and also employs the persons to run The Glacier (which is the ice rink business of Festival Walk). The Property Manager is entitled (i) to be reimbursed for the cost of employing the persons within the centre management team of Festival Walk and the persons to run The Glacier (which is the ice rink business of Festival Walk) and (ii) to receive an administrative cost based on a margin of 3.0% of such employment cost.[2] This payment shall be made to the Property Manager in cash.

Government Rent and Rates

For Festival Walk in Hong Kong, the government rent is calculated at 3% of the Rateable Value and adjusted in step with any subsequent changes in the Rateable Value.

The government rates are charged at 5% of the Rateable Value which are reimbursable from tenants, except for the common areas such as car park and advertising panels.

The Rateable Value is an estimate of the annual rental value of the property at a designated valuation reference date, assuming that the property was then vacant and to be let. The annual rental value of a property is provided by the Rating & Valuation Department of the Hong Kong Government.

Business and Property-related Taxes

For Gateway Plaza according to the relevant business and property related taxes in China, business tax (including other surcharges) is levied on 5.6% of total Fixed Rent, car park income and other revenue, stamp duty tax on 0.1% of the total contracted rental income of new or renewal leases, urban and township land use tax at a fixed rate of RMB35,400 per month and urban real estate tax at 1.2% of 70% of the tax-based property value.

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1 "**Total construction costs**" means

(i) construction cost based on the project final account prepared by the project quantity surveyor;

(ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;

(iii) the cost of obtaining all approvals for the project;

(iv) site staff costs;

(v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices; and

(vi) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices.

2 The Property Manager is not in the position to unilaterally increase employment costs to its benefit since the total employment costs to be reimbursed to the Property Manager in any fiscal year have to be set out in the annual business plan and budget for Festival Walk to be pre-approved by the Trustee and the Manager before the start of that relevant fiscal year.

Other Property Operating Expenses

Other property operating expenses comprise ice rink expenses, administrative expenses, IT-related expenses and property management office expenses, as well as other miscellaneous expenses in relation to the Properties. An individual assessment has been made of expenses for Festival Walk and Gateway Plaza for the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15 on the basis of actual historical operating costs.

It is generally the Manager's policy to require rental deposits equivalent to three months' of rental and service charges from tenants to mitigate the risk of bad debts. Therefore, the Profit Forecast and Profit Projections do not include any provision for bad debts.

Capital Expenditure

Capital expenditure incurred is expected to be capitalised as part of the Deposited Property. The following table sets out the forecast and projected capital expenditure:

Capital Expenditure	**Forecast Period 12/13**	**Projection Year 13/14**	**Projection Year 14/15**
	S$'000	**S$'000**	**S$'000**
Total	1,671	942	277

Finance Costs

Finance costs consist of interest expense and amortisation of debt issuance costs. MGCCT has put in place the Facility of S$1,935 million (HK$12,150 million) with staggered loan maturities of three, four and five year terms. The amount drawn upon on the Listing Date will be S$1,935 million (HK$12,150 million). The Manager has assumed the average interest rate for the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15 will be approximately 2% per annum, including the upfront debt establishment costs. An upfront debt establishment fee incurred in relation to the Facility is assumed to be amortised over the term of the Facility and has been included as part of the borrowing costs.

An additional commitment fee of 0.1875% per annum is payable on the unutilised portion of the revolving credit facilities. It has been assumed that none of the revolving credit facilities are utilised and the commitment fee is payable quarterly in arrears in the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15.

(See "Strategy – Capital Management Strategy" and "Factors Affecting Results of Operations and Discussion of Liquidity and Market Risk – Indebtedness" for further details).

Manager's Management Fees

Pursuant to the Trust Deed, the Manager is entitled to a Base Fee of 10.0% per annum of the Distributable Income and a Performance Fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such financial year may be less than the DPU in any preceding financial year.

No Performance Fee is payable for the Forecast Period 12/13. For the Projection Year 13/14, the difference in DPU for the calculation of Performance Fee shall be the difference in actual DPU in such financial year with the projected DPU as set out in the Profit Forecast and Profit Projections. The Profit Projection for Projection Year 13/14 does not assume that any Performance Fee is paid.

The Manager has agreed to receive 100.0% of its Management Fees in the form of Units for the period from the Listing Date to the end of the Forecast Period 12/13 and for the Projection Year 13/14 and Projection Year 14/15.

The portion of Management Fees payable in the form of Units shall be payable quarterly in arrears and the portion of Management Fees payable in cash shall be payable quarterly in arrears. Where the Management Fees are payable in Units, the Manager has assumed that such Units are issued at the Offering Price.

(See "The Manager and Corporate Governance – Manager's Management Fees" for further details.)

Trustee's Fees

The Trustee's fees are currently charged on a scaled basis of up to 0.02% per annum on the value of the Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST. The Trustee's fees are accrued daily and paid monthly in arrears in accordance with the Trust Deed. Under the Trust Deed, the maximum fee which the Trustee may charge is 0.1% per annum of the Deposited Property. Any increase in the Trustee's fees beyond the current scaled basis of up to 0.02% per annum of the value of the Deposited Property and not exceeding the maximum fee under the Trust Deed will be subject to written agreement between the Manager and the Trustee.

(See "The Formation and Structure of Mapletree Greater China Commercial Trust – The Trustee" for further details.)

Foreign Exchange Rates

The Manager has assumed the following exchange rates for the Profit Forecast and Profit Projections:

Foreign Exchange Rate	Forecast Period 12/13	Projection Year 13/14	Projection Year 14/15
HK Dollar/Singapore Dollar	6.2803	6.2792	6.2863
RMB/Singapore Dollar	5.0849	5.0849	5.0849

Other Trust Expenses

Other expenses of MGCCT include recurring trust expenses such as annual listing fees, legal fees, registry and depository charges, accounting, audit and tax adviser's fees, postage, printing and stationery costs, costs associated with the preparation of annual reports, investor communications costs and other miscellaneous expenses.

Properties

The aggregate value of the Properties as at 31 December 2012 was S$4.3 billion, based on the lower of the two independent valuations undertaken for each Property. For the purposes of the Profit Forecast and Profit Projections, the Manager has assumed that there is no change in the valuation of the Properties.

Taxes

The following taxes have been taken into account in the Forecast Period 12/13, Projection Year 13/14 and the Projection Year 14/15:

- Hong Kong income tax;

- Hong Kong stamp duty;
- PRC withholding tax;
- PRC business tax;
- PRC urban real estate tax;
- PRC urban and township land use tax;
- PRC stamp duty; and
- PRC urban construction and maintenance tax, education surcharge and local education surcharge.

(See "Taxation – Hong Kong Taxation" and "Taxation – PRC Taxation" for further details of the taxes mentioned above.)

Accounting Standards

The Manager has assumed no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected net investment income.

Significant accounting policies adopted by the Manager in the preparation of the Profit Forecast and Profit Projections are set out in "Appendix B – Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at 31 March 2012 and 30 September 2012 and for the Seven Months Ended 31 March 2012 and Six Months Ended 30 September 2012".

Other Assumptions

The Manager has made the following additional assumptions in preparing the Profit Forecast and Profit Projections:

- that the initial property portfolio of MGCCT remains unchanged for the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15;
- that no further capital will be raised during the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15;
- that there is no change in the fair value of derivative instruments that are entered into during the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15;
- that there will be no change in the applicable tax legislation or other applicable legislation for the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15;
- that the Singapore Tax Ruling remains in force and that the terms and conditions of the Singapore Tax Ruling are complied with;
- that all leases and licenses as at 30 September 2012 are enforceable and will be performed in accordance with their terms (with allowances for bad and doubtful debts) during the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15;
- that there will be no pre-termination of any committed leases as at the Listing Date;
- that 100.0% of MGCCT's Taxable Income is distributed for the Forecast Period 12/13, Projection Year 13/14 and Projection Year 14/15; and
- that there will be no change in property valuation of the Properties.

Sensitivity Analysis

The forecast and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in "Risk Factors".

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the profit forecast and profit projection, a series of tables demonstrating the sensitivity of the DPU to changes in the principal assumptions are set out below.

The sensitivity analysis is intended only as a guide. Variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Gross Rental Income

Changes in the Gross Rental Income will impact the Net Property Income of MGCCT and consequently, the distribution yield. The assumptions for Gross Rental Income have been set out earlier in this section. The effect of variations in the Gross Rental Income on the DPU is set out below:

	Distribution yield pursuant to changes in Gross Rental Income	
	Projection Year 13/14	**Projection Year 14/15**
Issue Price per Unit (S$)	0.93	0.93
5.0% below base case	5.3%	5.8%
Base case	**5.6%**	**6.1%**
5.0% above base case	6.0%	6.5%

Property Operating Expenses

Changes in Property Operating Expenses will impact the Net Property Income of MGCCT and, consequently, the distribution yield. The assumptions for Property Operating Expenses have been set out earlier in this section. The effect of variations in Property Operating Expenses on the DPU is set out below:

	Distribution yield pursuant to changes in Property Operating Expenses	
	Projection Year 13/14	**Projection Year 14/15**
Issue Price per Unit (S$)	**0.93**	**0.93**
5.0% below base case	5.7%	6.2%
Base case	**5.6%**	**6.1%**
5.0% above base case	5.6%	6.0%

Borrowing Costs

Changes in borrowing costs affect the net investment income of MGCCT and, consequently, the DPU. The effect of variations in borrowing costs on the distribution yield is set out below.

	Distribution yield pursuant to changes in Borrowing Costs	
	Projection Year 13/14	**Projection Year 14/15**
Issue Price per Unit (S$)	0.93	0.93
0.5% increase	5.3%	5.8%
Base case	**5.6%**	**6.1%**
0.5% decrease	6.0%	6.4%

Fees of the Manager and the Property Manager Payable in Units

The Manager has assumed, for the Projection Year 13/14 and the Projection Year 14/15, that 100.0% of the Manager's Management Fees will be paid in Units and 100.0% of the Property Manager's property management fees will be paid in Units. The Manager has assumed that such Units are issued at the Offering Price.

The effect of a change in the level of portion of the Manager's Management Fees and the Property Manager's property management fees payable in Units on the distribution yield is set out below.

	Distribution yield pursuant to changes in the form of the payment of the Management Fees and Property Management Fees	
	Projection Year 13/14	**Projection Year 14/15**
Issue Price per Unit (S$)	0.93	0.93
Base case (100% of Management Fees and property management fees payable in Units)	**5.6%**	**6.1%**
50% of Management Fees and property management fees payable in Units	5.2%	5.6%
0% of Management Fees and property management fees payable in Units	4.8%	5.1%

Foreign Exchange Rates

Changes in the foreign exchange rate for Hong Kong dollars and RMB to Singapore dollars will impact the Distributable Income of MGCCT as the distributions are paid in Singapore dollars and consequently, the distribution yield. The assumptions for foreign exchange rates have been set out above in "Profit Forecast and Profit Projections – Assumptions – Foreign Exchange Rates". The effect of variations in the foreign exchange rates on the distribution yield is set out below:

	Distribution yield pursuant to changes in Foreign Exchange Rates	
	Projection Year 13/14	**Projection Year 14/15**
Issue Price per Unit (S$)	0.93	0.93
5.0% SGD depreciation	5.9%	6.4%
Base case	**5.6%**	**6.1%**
5.0% SGD appreciation	5.4%	5.8%

INVESTMENT STRATEGY

MGCCT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets.

In addition to Hong Kong, the Manager will focus primarily on first and key second tier cities in China. First tier cities would include Beijing, Shanghai, Guangzhou and Shenzhen, which collectively constitute approximately 13% of China's GDP.[1] The Manager would also concentrate on the major urban centres along the three urbanised coastal belts of the Beijing-Tianjin corridor, the Shanghai-Suzhou-Hangzhou-Nanjing corridor and the Pearl River Delta (Shenzhen, Guangzhou and Foshan) and the key provincial cities and municipalities of Chengdu, Chongqing, Wuhan and Xi'an which are the main growth centres and beneficiaries of the "go-west" policies. The aforementioned key second tier cities (being Chengdu, Chongqing, Foshan, Hangzhou, Nanjing, Suzhou, Tianjin, Wuhan and Xi'an) constitute approximately 15% of China's GDP in 2011.[1]

In accordance with the requirements of the Listing Manual, the Manager's investment strategy for MGCCT will be adhered to for at least three years following the Listing Date. The Manager's investment strategy for MGCCT may only be changed within three years from the Listing Date if an Extraordinary Resolution is passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

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1 **Source**: National Bureau of Statistics of China. The relevant data can be found on the following website: <www.stats.gov.cn/english/statisticaldata/Quarterlydata/> as at the Latest Practicable Date. National Bureau of Statistics of China has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by National Bureau of Statistics of China is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

Focused on Hong Kong, First Tier and Key Second Tier Cities in China

KEY OBJECTIVES

The Manager's key financial objectives are to provide Unitholders with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure for MGCCT.

KEY STRATEGIES

The Manager plans to achieve its key objectives through the following strategies:

- **Active asset management strategy** – The Manager will actively manage MGCCT's property portfolio to achieve growth in revenue and Net Property Income and maintain optimal occupancy levels. The Manager will also look to drive organic growth and build strong relationships with the tenants of the Properties.

- **Active asset enhancement strategy** – The Manager will seek property enhancement opportunities to support and enhance organic growth.

- **Acquisition growth strategy, supported by the Sponsor's experience in the Greater China region and the Sponsor ROFR** – The Manager will achieve portfolio growth through the acquisition of quality income-producing commercial properties that fit within MGCCT's investment strategy to enhance the return to Unitholders and improve future income and capital growth.

- **Capital and risk management strategy** – The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions, and utilise hedging strategies where appropriate to manage interest rate volatility and foreign exchange exposure for MGCCT.

ACTIVE ASSET MANAGEMENT STRATEGY

The Manager's strategy for organic growth is to actively manage the Properties and grow strong relationships with tenants by providing value-added property-related services. Through such active asset management, the Manager seeks to maintain high tenant retention and occupancy levels and achieve stable rental growth, as well as minimise the costs associated with marketing and leasing space to new tenants. MGCCT will benefit from the Sponsor's experience in asset management and asset enhancement. As such, the Manager and the Property Manager, being subsidiaries of MIPL, will allow execution of a coordinated strategy to ensure consistently high levels of operational performance.

Further, the Manager plans to meet its objective of increasing the yields of the Properties and maximising returns through some of, but not limited to, the following measures:

Improving rentals while maintaining high occupancy rates

While the Properties continue to enjoy high occupancy levels, the Manager will work with the Property Manager to actively manage tenancy mix and mall positioning, lease renewals and new leases to maintain high tenant retention levels and minimise vacancy periods, through:

- identifying and rationalising leases that are about to expire with passing rents which are below market levels;

- standardising the lease structure for base and turnover rents to facilitate lease management in the future;

- advancing renewal negotiations with tenants whose tenancies are approaching expiry;

- increasing the overall marketability and profile of MGCCT's portfolio of properties to increase the prospective tenant base;

- actively marketing current and impending vacancies to minimise vacant periods;

- actively monitoring rental arrears to minimise defaults by tenants and other aspects of tenant performance;

- incorporating contractual periodic rental step-up provisions or increasing leases with Turnover Rent in selected tenancy agreements to provide an additional source of organic growth;

- searching for new tenants from sectors currently under-represented in MGCCT's portfolio of properties to pursue an optimal tenant mix;

- monitoring and assessing spaces which are sub-optimal or remain vacant for long periods and working with the Property Manager to conduct asset enhancement works (for example, sub-dividing larger sub-optimal units into smaller units) to suit prospective tenants' needs and thereby improving the marketability of such spaces; and

- improving diversity of the tenant base so as not to overly expose revenue to more cyclical businesses in order to maintain stable cash flows.

The Manager believes that Festival Walk will continue to be a premier retail destination in Hong Kong by providing a one-stop shop with:

- a diverse mix of tenants;

- a well-balanced mix of specialty retailers and other merchandising concepts;

- ample car park space;

- wide range of entertainment facilities; and

- an abundance of consumer amenities and services.

The Manager's objective will be for Festival Walk to generate the highest possible shopper traffic in order to maximise the retail sales of its tenants, thereby increasing both the potential for Festival Walk to (i) receive a higher percentage of rental from both Base Rent and Turnover Rent and (ii) secure higher rents from new tenants. The ability to increase Base Rent as a portion of Gross Rental Income will also reduce volatility of rental income going forward.

Repositioning and Lettable Area optimisation at Festival Walk

The Manager continually seeks to reposition Festival Walk's tenant and zoning mix to keep up with retail trends and attract new quality tenants to improve mall profile and achieve high rental revenue. For example, less than one year post-completion of the Festival Walk acquisition, the management team, who were involved in overseeing the Sponsor's asset management work for Festival Walk and who will continue to manage Festival Walk for MGCCT, reconfigured the prime area on Lower Ground 1 in order to accommodate the opening of an Apple store in Festival Walk in 2012, which is the first and only one in Kowloon.

Implementing innovative marketing concepts to improve shopper traffic and consumption at Festival Walk

Festival Walk's advertising focus has shifted from the basic introduction of the mall and its trade categories to concentrate more on its lifestyle and fashion offerings in order to stimulate and increase shopper traffic and spending. The Manager intends to further enhance the energetic and youthful image of the mall, while maintaining consistency in its premium branding. For example, a thematic advertising campaign "In You. In Here" was used, which has helped Festival Walk to establish a premium and fashionable image.

In order to maintain the leadership position of Festival Walk in the fast-changing retail landscape of Hong Kong, the Manager intends to continue with innovative marketing campaigns to increase and maintain high shopper traffic. Such marketing concepts include, but are not limited to:

- raising the profile and public awareness of Festival Walk through various cultural events and festive promotions such as Chinese New Year, Valentine's Day and Christmas celebrations at the mall;

- introducing various loyalty programmes and creating a shoppers' database to stimulate spending and encourage repeat customers;

- featuring shopping privileges in Festival Walk such as exclusive discounts and special deals for tourists;

- enhancing the car park redemption scheme which allows shoppers to convert their spending dollars into points to redeem parking fees; and

- actively implementing thematic promotional activities to improve shopper traffic and shopper expenditure, including the organisation of events such as fashion shows, seasonal food and beverage promotions, musical performances and charity and community events throughout the year.

The Manager also intends to capitalise on Festival Walk's strategic location being directly linked by the East Rail Line to the Shenzhen border, through promotional activities specifically targeted at tourists from China, including but not limited to:

- placing advertisements in both local and Chinese magazines and tourist maps;

- offering joint promotions with Chinese partners, such as banks, telecom companies, hotels, tourist magazines and websites;

- organising shopping tours during promotional events and festive occasions such as Christmas and during the "Golden Week" holidays in China;

- media tours to introduce Festival Walk to Chinese shoppers and to increase the mall exposure.

Maximising ancillary income from common and ancillary area

The Manager will work closely with the Property Manager to improve income generated from the common and ancillary area by maximising usable space for events while allowing defined rental areas such as kiosks and carts to be introduced in the common and ancillary area.

Improving operational efficiency and reducing operating costs

The Manager will work closely with the Property Manager to reduce operating costs without compromising the quality of services. Some cost management initiatives include constant review of workflow process to boost productivity, lower operational cost and foster close partnership with service providers to control costs and potential escalation. By reducing operating expenses, the Manager aims to further increase Net Property Income.

ACTIVE ASSET ENHANCEMENT STRATEGY

Lettable Area optimisation at Festival Walk

The Manager plans to change the use of some office space on the third level of the office tower into semi-commercial use, such as banks and beauty centres, so as to increase the marketability of the office space for higher rental. Accordingly, the Manager has already applied to the Hong Kong Government to amend the Master Layout Plan to allow the third level of the office tower to be leased to semi-commercial tenants for this purpose and is awaiting approval. In addition, several new kiosks have been placed in the mall to optimise the use of space in the mall and to increase rental revenue.[1]

Increasing Lettable Area and rental revenue potential at Gateway Plaza

The Manager has planned a number of asset enhancement initiatives at Gateway Plaza to increase Lettable Area and offer more amenities to tenants and visitors, thus increasing rental revenue potential. Such initiatives include creating additional space for F&B outlets in the basement, enhancing the Level 1 lobby to include another café and improving access to the Level 2 retail outlets. In addition, the Manager plans to install a pair of lifts leading from the underground car parks to the atrium levels to increase circulation and visibility of the main atrium entrance.[1]

ACQUISITION GROWTH STRATEGY SUPPORTED BY THE SPONSOR'S EXPERIENCE IN THE GREATER CHINA REGION AND THE SPONSOR ROFR

The Manager, a 100% owned subsidiary of the Sponsor, will benefit from the Sponsor's experience and track record in pursuing opportunities to undertake acquisitions of assets that will provide attractive cash flows and yields relative to MGCCT's weighted average cost of capital, and opportunities for future income and capital growth. In evaluating future acquisition opportunities, the Manager will seek acquisitions that may enhance the diversification of the portfolio by location and tenant profile, and optimise risk-adjusted returns to the Unitholders. The Manager believes it is well qualified to pursue its acquisition strategy. The management of the Manager has extensive experience and a strong track record in sourcing, acquiring and financing commercial or retail and/or commercial-related or retail-related real estate assets in Greater China. The management's industry knowledge, relationships and access to market information provide a competitive advantage with respect to identifying, evaluating and acquiring commercial (office and/or retail) and/or commercial-related real estate assets.

Investment criteria: Focused on maintaining portfolio quality

In evaluating acquisition opportunities for MGCCT, the Manager will focus primarily on the following investment criteria:

- **Location** – The Manager will assess acquisition opportunities from the perspective of both the broader market and the location-specific aspects. The Manager will evaluate a range of location-related criteria including, but not necessarily limited to, ease of access, connectivity to major transportation hubs such as major expressways and thoroughfares, train stations and other public transportation networks, visibility of premises from the surrounding catchment markets, and immediate presence and concentration of competitors.

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1 The costs and revenue from such asset enhancement initiatives have not been taken into account in the Profit Forecast and Profit Projections. The costs of any such asset enhancement initiatives are likely to be relatively small and can be paid from working capital.

- **Asset enhancement potential** – The Manager will seek to acquire properties where there is potential to add value to the properties by increasing occupancy, through selective capital expenditure and/or other asset enhancement initiatives.

- **Building and facilities specification** – The Manager will endeavour to conduct thorough property due diligence and adhere strictly to the relevant quality specifications, with due consideration given to the size and age of the buildings, with respect to potential properties to be acquired by MGCCT. It will also ensure that the acquisition properties are in compliance with legal and zoning regulations. The properties will be assessed by independent experts relating to repairs, maintenance and capital expenditure requirements in the short to medium-term.

- **Tenant mix and occupancy characteristics** – The Manager will seek to acquire properties with opportunities to increase rental and tenant retention rates relative to competing properties in the respective micro-property markets. The properties should have a healthy occupancy with established tenants of good credit standing to minimise rental delinquency and turnover. A key consideration will be the impact of an acquisition on the entire portfolio's tenant, business sector and lease expiry profiles.

In addition, MGCCT will benefit from the Sponsor ROFR to MGCCT which, subject to certain conditions, provides MGCCT with access to potential future acquisitions and opportunities of income-producing properties located in the Greater China region which are used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes). As at the Latest Practicable Date, there is no pipeline property that is subject to the Sponsor ROFR.

Notwithstanding the above, as MIC has already been established and fully invested, MIC will not be subject to any right of first refusal, the Transaction Review Committee and the Competitive Process. Since the Proposed New China Fund had commenced its marketing process without any right of first refusal provisions, it will similarly not grant a right of first refusal to MGCCT but it will be subject to the Transaction Review Committee and the Competitive Process.

The Manager intends to hold the properties it acquires on a long-term basis. However, in the future, where the Manager considers that any property has reached a stage that offers limited scope for further growth, the Manager may consider selling the property and using the proceeds for alternative investments in properties that meet its investment criteria.

CAPITAL AND RISK MANAGEMENT STRATEGY

The Manager will endeavour to:

- maintain a strong balance sheet;

- employ an appropriate mix of debt and equity in financing acquisitions;

- secure diversified funding sources to access both financial institutions and capital markets;

- optimise its cost of debt financing;

- adopt appropriate interest rate hedging strategies to minimise exposure to market volatility; and

- utilise currency risk management strategies to minimise exposure to foreign exchange currency volatility.

The Manager intends to achieve the above by:

- **Optimal capital structure strategy** – The Manager aims to optimise the capital structure and cost of capital, within the borrowing limits set out in the Property Fund Appendix. The Manager's strategy of the management of capital involves adopting and maintaining appropriate aggregate leverage level to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions. The Manager will endeavour to employ an optimal capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties.

  The Manager will, in the event that MGCCT incurs any future borrowings, periodically review MGCCT's capital management policy with respect to its Aggregate Leverage and modify the policy as its management deems prudent in light of prevailing market conditions. If MGCCT takes on debt, the Manager's strategy will generally be to match the maturity of MGCCT's indebtedness with the maturity of MGCCT's investment assets, and to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time. As and when appropriate, the Manager may consider diversifying its sources of debt financing in the future by way of accessing the public debt capital markets through the issuance of bonds to further enhance the debt maturity profile of MGCCT.

  As at the Listing Date, MGCCT is expected to have borrowings of S$1,935 million (HK$12,150 million) with an Aggregate Leverage of 43.0%. The Manager has obtained, in respect of MGCCT, a provisional credit rating of Baa1 from Moody's.[1] (See "Capitalisation – Indebtedness" for further details.)

- **Proactive interest rate management strategy** – The Manager endeavours to utilise interest rate hedging strategies where appropriate to optimise risk-adjusted returns to Unitholders. The Manager will adopt a proactive interest rate management policy to manage the risk associated with changes in interest rates on the loan facilities while also seeking to ensure that MGCCT's on-going cost of debt capital remains competitive.

1 The provisional issuer rating assumes the listing of MGCCT on the SGX-ST, the drawdown of unsecured debt facilities of S$1,935 million and the acquisition of the Properties by MGCCT. The final rating is conditional upon the successful completion of all the events described in the foregoing sentence. The Manager expects Moody's to assign its final rating of MGCCT on the Listing Date and will make an announcement on SGXNET of the final rating when it has been assigned to MGCCT. All ratings are subject to revision or withdrawal at any time. Moody's has not provided its consent, for the purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the credit rating information in this Prospectus and is therefore not liable for such information under Sections 253 and 254 (read with Section 302) of the SFA. While the Manager has taken reasonable action to ensure that the information has been reproduced in its proper form and context, and that it has been extracted fairly and accurately, neither the Manager nor any other party has conducted an independent review of, nor verified the accuracy of, such information. The provisional issuer rating obtained from Moody's is current and Moody's will be paid by the Trustee to provide the credit rating. The credit rating is not a recommendation to invest in any securities. Issuer credit ratings express Moody's opinion of an entity's creditworthiness and ability to meet its senior financial obligations. According to Moody's, the (P)Baa1 rating with a stable outlook reflects Moody's expectations of continued predictable cash generation from MGCCT's current portfolio driven by steady occupancy levels and strong organic growth from positive rental reversions and potential asset enhancement initiatives. It also takes into account the favourable supply and demand dynamics for properties in Hong Kong and Beijing over the near- to medium-term. Moody's methodology assumptions, limitations and other rating considerations for REITs include the following: (i) ratios presented in Moody's scorecards are based on past results, but their ratings are forward looking incorporating financial and operating performance expectations, (ii) discussion of important metrics not in the scorecard (common to all companies/industries) such as management, corporate governance, financial reporting quality, information disclosure, macro environment, litigation, regulatory trends could drive ratings, (iii) examples of factors not in the scorecard that could also drive ratings are occupancy rates or related party transactions, and (iv) sub-factors weightings may vary from one suggested in the scorecard under certain circumstances, such as external market shocks that cause liquidity to freeze. Credit ratings are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. Moody's defines credit risk as the risk that an entity may not meet its contractual, financial obligations as they come due and any estimated financial loss in the event of default. Credit ratings do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility. Full information regarding the relative rank of the credit rating, the detailed assumptions, limitations and methodology of the credit rating (including a description of Moody's scorecards), and attributes that the credit rating does not address may be found on the following website: www.moodys.com.

- **Currency risk management strategy** – The Manager endeavours to utilise currency risk management strategies where appropriate to minimise the impact of MGCCT's distributable income due to foreign exchange volatility, including the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge.

- **Other financing strategy** – The Manager will, in the future, consider other opportunities to raise additional equity capital for MGCCT through the issue of new Units, for example to finance acquisitions of properties. The decision to raise additional equity will also take into account the stated strategy of maintaining an optimal capital structure.

Unless otherwise specified, all information relating to the Properties in the Prospectus are as at 30 November 2012.

MGCCT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets.

MGCCT's investment mandate will include Hong Kong, first tier cities in China (Beijing, Shanghai, Guangzhou and Shenzhen) and key second tier cities in China (Chengdu, Chongqing, Foshan, Hangzhou, Nanjing, Suzhou, Tianjin, Wuhan and Xi'an).

MGCCT's IPO Portfolio comprises two prime commercial properties in Greater China strategically located in Hong Kong and Beijing, with an aggregate GFA of approximately 2.4 million sq ft.[1] The IPO Portfolio consists of the following properties:

- **Festival Walk** (又一城) is a premier retail and lifestyle destination, comprising a seven-storey territorial retail mall with a four-storey office component on top of the mall, as well as three floors of underground car parks with total GFA of approximately 1.2 million sq ft.[2] Designed by Arquitectonica, one of the world's leading architectural firms, Festival Walk is strategically located in the heart of Kowloon. Its retail mall has 980,089 sq ft of GFA spread over a seven-storey shopping complex, a multi-screen cinema and an ice rink. Its four-storey Grade A office complex has total GFA of 228,665 sq ft with typical floor plates in excess of 52,000 sq ft.

  Festival Walk is the only comprehensively designed commercial development in Kowloon Tong according to DTZ. As one of the largest malls in Hong Kong, Festival Walk is positioned as an upper-middle market territorial mall that combines modern and chic style with affordability. According to Urbis, its strategic location in the heart of Kowloon and excellent transport connectivity allow it to attract approximately 38 million visitors annually. Festival Walk has won numerous awards in operations and green initiatives including a Building Environmental Assessment Method (BEAM) – Platinum Rating in 2011, an Indoor Air Quality Certificate (Excellent Class) – Suite 308 and Common Area of office building, an Indoor Air Quality Certificate (Good Class) – Retail Common Area from the Environmental Protection Department of the HKSAR in 2012 and the Top Services Award (Shopping Mall) by Next Magazine in 2010.

- **Gateway Plaza** (佳程广场) comprises a premier Grade A office complex and a retail component with total GFA of approximately 1.1 million sq ft.[3] Designed by P&T Group, Gateway Plaza is located within the prime and established business district in Beijing known as the Lufthansa Area. The complex comprises two 25-storey office towers with total GFA of 1,019,503 sq ft and a connected three-storey atrium with GFA of 126,379 sq ft as well as three underground car park levels. Easily accessible from the Beijing Capital International Airport and well-served by public transport, Gateway Plaza has positioned itself as an ideal business destination for well-established MNCs such as the BMW Group and leading domestic enterprises like China Fortune Land Development.

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1 Excludes underground car park areas which have a total GFA of 341,601 sq ft. (See "Certain Defined Terms and Convention" for details regarding the computation of GFA.)

2 Excludes underground car park area of Festival Walk which has a GFA of 154,470 sq ft. (See "Certain Defined Terms and Convention" for details regarding the computation of GFA.)

3 Excludes underground car park area of Gateway Plaza which has a GFA of 187,131 sq ft. (See "Certain Defined Terms and Convention" for details regarding the computation of GFA.)

Gateway Plaza has received several awards and accolades, including a National Construction Award and the title of "Municipal Fabrication International Model Project" from the Ministry of Construction of China in 2006, and a "Nationwide Top 10 Landmark Construction Projects of 2004" from the China Real Estate Top 10 Research Group. It was also included in the 2006 list of excellent construction projects compiled by the China National Construction Quality Award Review Committee.

COMPETITIVE STRENGTHS

The Manager believes that the Properties enjoy the following competitive strengths:

(1) Excellent Accessibility

The Properties enjoy excellent connectivity via convenient access to major roads, expressways and subway lines.

Festival Walk

Festival Walk is directly linked to the Kowloon Tong station, the interchange for the MTR's local underground Kwun Tong Line, which links through to the southern suburbs of Kowloon (via Mong Kok) and Hong Kong's eastern suburbs beyond the old Kai Tak airport site, and the overland East Rail Line, which connects to Shenzhen Metro Line of China in the north and Tsim Sha Tsui in the south. Visitors arriving via the MTR Kwun Tong Line or East Rail Line can access the mall via direct air-conditioned and covered pedestrian walkways. With its direct connection to the MTR, Festival Walk is easily accessible from the north-eastern part of the New Territories, the whole of Kowloon Peninsula, Hong Kong Island and across the border from the Shenzhen area of China. Visitors can also travel to Festival Walk via buses which are available at Festival Walk terminus on the ground floor and Kowloon Tong MTR station. Festival Walk is serviced by 19 different bus routes.

In addition, as Kowloon Tong station is one of the major interchanges for trains to China, Festival Walk is one of the most accessible retail malls for Chinese tourists traveling by train and other day travellers between Hong Kong and China. The direct rail connectivity to the Shenzhen border will support on-going growth in the number of shoppers coming from China.

Festival Walk also offers excellent direct access via private transport, providing 830 car parking spaces that are open 24 hours a day, seven days a week.

Gateway Plaza

Gateway Plaza is located at the junction of the East Third Ring Road and the Airport Expressway in the Lufthansa Area, which includes the Third Embassy Area, a major commercial hub in the downtown area of Beijing, easily accessible by public transportation. It is located approximately 0.7 km away from the Sanyuanqiao Metro station (which is the interchange station of Metro Line 10 and Airport Express), approximately 8 km away from the CBD in Beijing and approximately 20 km away from the Beijing Capital International Airport. Gateway Plaza also enjoys convenient transportation to Jianguomen Commercial District and Zhongguancun.

As part of the Olympic preparations in 2008, two stops were added on the No. 10 line of the Beijing subway system for the Lufthansa Area. In addition, Beijing's first high-speed magnetic levitation train is expected to be completed in 2013 and will run from Beijing's Mentougou District to neighbouring Shijingshan District, which is currently being developed

into seven major sectors including a cultural industry, theme park and commercial offices. These transportation upgrades will serve to enhance the accessibility of Gateway Plaza and its appeal to MNCs.

Gateway Plaza offers excellent direct access via private transport, providing 692 car parking spaces that are open 24 hours a day, seven days a week.

(2) Strategic Location and Large Trade Area

The attractive and prime locations of the Properties allow them to tap on large trade areas and benefit from future increases in office and retail activity.

Festival Walk

Surrounded by middle to high-income enclave with upcoming new upscale residential developments to drive growth

Festival Walk is located in the heart of Kowloon Tong, a traditional upscale residential area with a number of low-rise residential developments. According to Savills, over 70% of households in the area have a median monthly household income of HK$30,000 and above, which furnishes a middle to high-income customer base with considerable spending power. HK$30,000 is the median monthly household income of the Hong Kong population living in private housing estates as of the second quarter of 2012, and is at its highest point since 1994. Kowloon Tong is considered an upscale residential area and is typically popular with middle to high-income Hong Kong families.

In addition, new private residential developments in the primary trade area are likely to draw more shoppers to Festival Walk, and its primary trade area will be enhanced by the on-going development of upscale apartments and townhouses in the vicinity from 2014 to 2016. According to Savills, upscale residential supply in Kowloon Tong and Ho Man Tin will increase to over 200 units in 2014 and 2015 while 416 units are expected in 2016. This will provide a steady stream of local middle to high-income families to the area which are expected to be regular shoppers at the mall.

Proximity to various institutes of higher education

Kowloon Tong is an important educational and research district with various institutions including the City University of Hong Kong, Hong Kong Baptist University, Hong Kong Institute of Vocational Education and several English language schools in close proximity to Festival Walk. The proximity of Festival Walk to education institutes allows it to capture the large student population in the vicinity and contributes to its shopper traffic of over 38 million annually. For example, the City University of Hong Kong, with a student population of approximately 18,000 students, has a direct tunnel link to Festival Walk which allows students to access Kowloon Tong MTR station via Festival Walk. The student population is expected to grow with the recent completion of two new buildings at the Kowloon Tong campus of the City University of Hong Kong. Situated opposite Festival Walk, these two new buildings provide over 430,000 sq ft of additional education space according to Savills.

Large trade area

As a result of its location on top of a multi-modal transportation hub, Festival Walk was able to command a main trade area of approximately 1.4 million people in 2012 which is expected to grow at 0.9% per annum to reach 1.5 million in 2017, according to Urbis. Festival Walk is easily accessible from the north and south via the MTR East Rail Line and from the west via the Kwun Tung Line. The per capita retail spending for the main trade area population is

expected to grow at a CAGR of 5.9% from approximately HK$45,522 in 2012 to approximately HK$60,540 in 2017, according to Urbis. Situated next to the East Rail Kowloon Tong MTR Station, one of the major interchanges for trains to China, Festival Walk is also able to capture increasing demand from Chinese tourists. In addition, Festival Walk will continue to benefit both from the tight supply of prime office space over the next few years and the trend of companies decentralising their office locations to lower operating costs.

Gateway Plaza

Strategically Located in the Prime Lufthansa Area

Gateway Plaza is located in the prime Lufthansa Area, which is one of the most established and mature office submarkets located in the Northeast of Beijing, and is highly sought after by domestic and multinational companies, in particular Japanese and European companies. The Lufthansa Area, which includes the Third Embassy Area, is one of Beijing's premier commercial areas largely due to the convenient access to the CBD, Beijing Capital International Airport, and Haidian District. According to Colliers, the Lufthansa Area fetches the third highest market rent in Beijing and the high occupancy rate of Grade A office buildings in the area embodies the strong latent demand for quality office space. Grade A office buildings in the area have an occupancy rate of approximately 98% in 2012 and it is expected that there will be a shortage of new Grade A office space within the Lufthansa Area until the Huadu Hotel redevelopment project, which is currently under construction and is expected to be completed in the second half of 2015. Upon completion, the project will have a Grade A office comprising a GFA of approximately 100,000 sq m, and will account for approximately 5.5% of Beijing's total new supply of office space from 2013 to 2017, according to Colliers. The Runshi Centre, with an office GFA of approximately 709,000 sq ft, is scheduled for completion in 2013 but is categorised as a Grade B property and is anticipated to be of lower quality than Gateway Plaza in terms of technical specifications and location, according to Colliers.

Gateway Plaza's status as one of the highest quality premier Grade A office buildings in the Lufthansa Area gives it significant advantages over other buildings in its proximity and in the overall Beijing market.

(3) Diverse and Quality Tenant Base

Overall, the IPO Portfolio has a large tenant base of 287 tenants as at 30 November 2012, covering a wide variety of trade sectors in both the retail and office space and reducing concentration risk on any particular sector. MGCCT's top 10 tenants in terms of Gross Rental Income contributed only 25.6% of Gross Rental Income for the month of November 2012. No trade sector or single tenant accounted for more than 25.1% and 5.9% of Gross Rental Income respectively over the same period.

Festival Walk

Festival Walk's high quality retail tenants include major international brands and MNCs. The five largest tenants by Gross Rental Income are Ove Arup, TaSTe Supermarket, Apple, Uniqlo and Marks & Spencer and they contributed 18.3% of the Gross Rental Income of Festival Walk for the month of November 2012 and accounted for 27.9% of the total leased area of Festival Walk as at 30 November 2012. Festival Walk has successfully attracted top international brands such as Apple, which set up its first shop in Kowloon in Festival Walk. Luxury brands operating at Festival Walk include Rolex, Bally, Armani Exchange, Calvin Klein, Piaget and Mont Blanc. Major office tenants at Festival Walk include Ove Arup, ANZ Bank, Prudential and Apple.

Festival Walk's largest trade sector is the Apparel and Fashion Accessories sector, which contributed 34.2% of its Gross Rental Income for the month of November 2012. There were a total of 216 tenants in Festival Walk and no single tenant accounted for more than 5.8% of total Gross Rental Income at Festival Walk for the month of November 2012. The diverse tenant base reduces concentration risk on any particular segment or customer.

Festival Walk complements its retail offerings with several quality lifestyle options, including AMC multiplex cinema and an ice rink, which draw significant foot traffic to the mall.

Gateway Plaza

Gateway Plaza possesses high quality office tenants, including a number of major MNCs and domestic enterprises. The five largest tenants comprise of companies in different market segments and include the BMW Group, China Fortune Land Development, Doosan, John Deere and the Cummins Group. They contributed 45.3% in Gross Rental Income for the month of November 2012. Other notable tenants include Aviva-Cofco, Bank of China, BASF, Continental Automotive, Posco, Terex, and United Airlines. The high quality tenant mix is expected to generate a reliable and stable income stream.

Gateway Plaza has a diverse tenant base, with tenants engaging in a wide variety of business sectors. This reduces the concentration risk of any specific business sector and ensures stability of performance. For the month of November 2012, the largest trade sector is the Machinery, Equipment and Manufacturing sector, which contributed 28.9% of Gross Rental Income. There was a total of 71 tenants at Gateway Plaza and no single tenant accounted for more than 22.3% of Gross Rental Income at Gateway Plaza for the month of November 2012. In addition, over 50% of total Lettable Area at Gateway Plaza is leased to Fortune 500 companies, ensuring stability of cash flows.

(4) Scarcity of comparable assets

The limited supply of prime properties of similar scale and quality as Festival Walk in Hong Kong and Gateway Plaza in Beijing also adds to the demand for space from both existing and prospective tenants for both properties.

Festival Walk

Given land use zoning restrictions, there is a high barrier to entry to replicate a retail mall of similar scale within close proximity of Festival Walk. According to Urbis, there is no known upcoming comparable retail supply in the next three years that will have a major impact on Festival Walk, adding to its scarcity value. Festival Walk's unique combination of being a large territorial mall with a sizeable trade area, its strategic location with excellent connectivity and high quality tenant mix makes it one of the most popular retail destinations in Hong Kong.

Gateway Plaza

There is a lack of comparable Grade A office space in the Lufthansa Area as most of the other existing comparable office buildings in the Lufthansa Area are typically strata-titled properties unlike Gateway Plaza, which is wholly-owned and is able to undertake better property management and attract better quality tenants.

CERTAIN INFORMATION ON THE PROPERTIES

Key Information on the Properties

The table below sets out certain information on the Properties as at 30 November 2012, with independent valuations by the Independent Valuers being as at 31 December 2012.

		Festival Walk	Gateway Plaza	Portfolio
Usage		Office and retail	Office and retail	–
GFA (sq ft)[1]	**Overall**	1,208,754	1,145,882	2,354,636
	Office component	228,665	1,019,503	1,248,168
	Retail component	980,089	126,379	1,106,468
Lettable Area (sq ft)[1][2]	**Overall**	793,728	1,145,882	1,939,610
	Office component	213,982	1,019,503	1,233,485
	Retail component	579,746	126,379	706,125
Committed Occupancy as at 30 November 2012[3]		100.0%	98.3%	99.0%
Number of Tenants as at 30 November 2012		216[5]	71	287
Car Park Spaces		830	692	1,522
Gross Revenue: FY13/14 (S$ million)		176.4	57.8	234.1
Net Property Income: FY13/14 (S$ million)		136.5	49.2	185.7
Independent appraisal (S$ million) as at 31 December 2012		Knight Frank: 3,296 DTZ: 3,344	Vigers: 1,016 CBRE: 1,017	4,312[4]
Independent appraisal (local currency million) as at 31 December 2012		Knight Frank: HK$20,700 DTZ: HK$21,000	Vigers: RMB5,165 CBRE: RMB5,170	–
Purchase Consideration (S$ million)		3,296	1,013	4,309
Retail Passing rent (local currency/month) for November 2012		HK$109.3 per sq ft	RMB262.8 per sq m	–
Office Passing rent (local currency/month) for November 2012		HK$30.7 per sq ft	RMB235.1 per sq m	–
Government Lease Term/Land Use Right Expiry		30 June 2047	25 February 2053	–
Completion Date		November 1998	August 2005	–
WALE by Lettable Area (years)		2.7	2.2	2.4
WALE by Gross Rental Income (years)		2.4	2.4	2.4

Notes:

(1) Excludes underground car park areas which have a total GFA of 341,601 sq ft. (See "Certain Defined Terms and Convention" for details regarding the computation of GFA.)

(2) Lettable Area is the area that is to be leased and for which rent is payable as stipulated in the respective tenancy agreements. The efficiency ratio (being the ratio of the lettable area and the GFA) for Festival Walk's retail component is 59% which is quite common ratio for retail malls in Hong Kong. In addition, there is a lot of space within Festival Walk's retail component that is designated as walk ways to the MTR station and to the bus terminus. Such walk ways must be available for public use at any time of the day and it is illegal to lease out these spaces.

(3) "**Committed Occupancy**" means the occupancy rate based on all current leases in respect of the Properties, including legally binding letters of offer which have been accepted for vacant units.

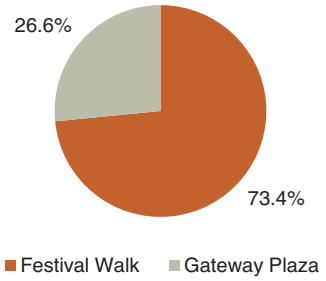
(4) Based on the lower of the two independent appraised values for each property.

(5) Number of tenants for Festival Walk excludes The Glacier as it is wholly-owned by MGCCT.

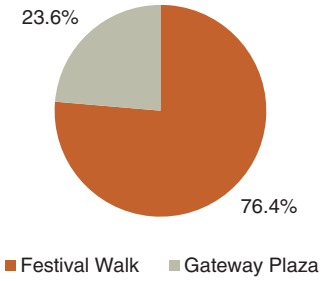
Property Sector Analysis

The charts below provide a breakdown by Gross Rental Income and valuation of the IPO Portfolio by property for the month of November 2012 and as at 31 December 2012, respectively.

(a) **Breakdown of Gross Rental Income by Property**



Breakdown of Portfolio Valuation by Property(1)

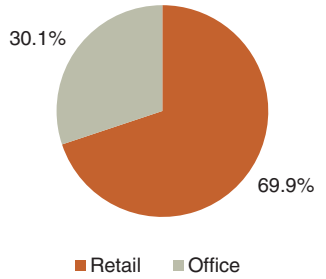


Note:

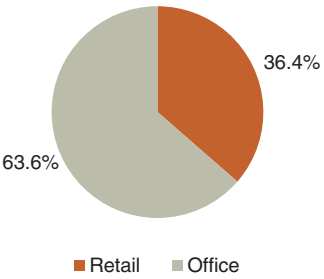
(1) Based on the lower of the two independent appraised values for each property.

The chart below provides a breakdown by Gross Rental Income and Lettable Area of the IPO Portfolio by sector for the month of November 2012 and as at 30 November 2012, respectively.

(b) **Breakdown of Gross Rental Income by Sector**

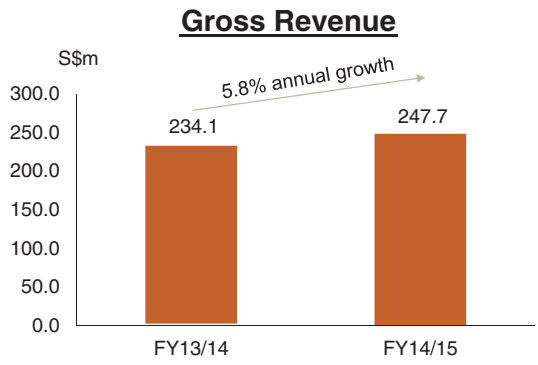


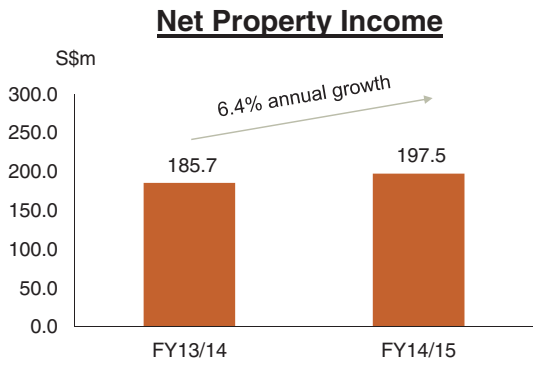
Breakdown of Lettable Area by Sector

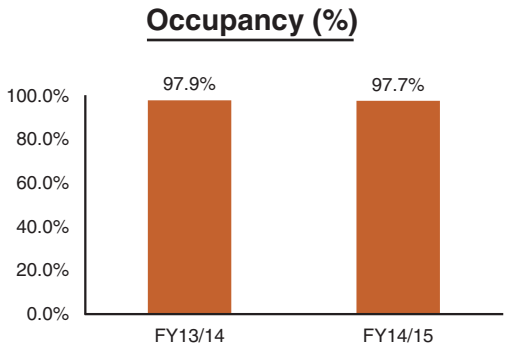


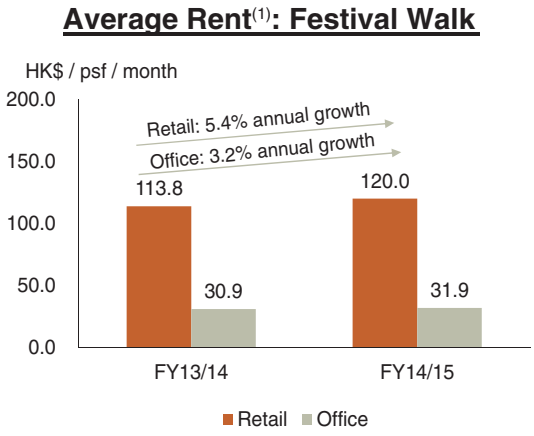
IPO Portfolio Pro Forma Gross Revenue, Net Property Income, Occupancy and Average Rents

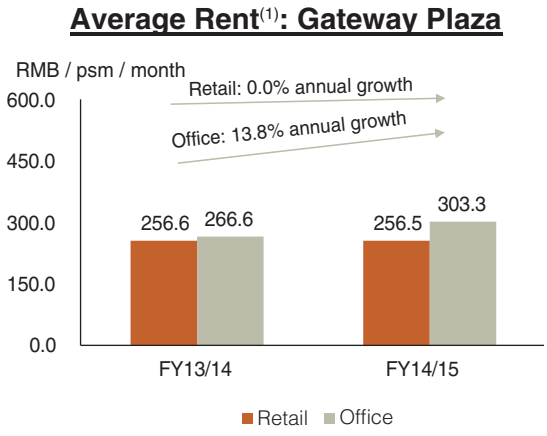
The Gross Revenue, Net Property Income, occupancy and average rents of the Properties for the financial years ending 31 March 2014 and 31 March 2015 are presented below:











Note:

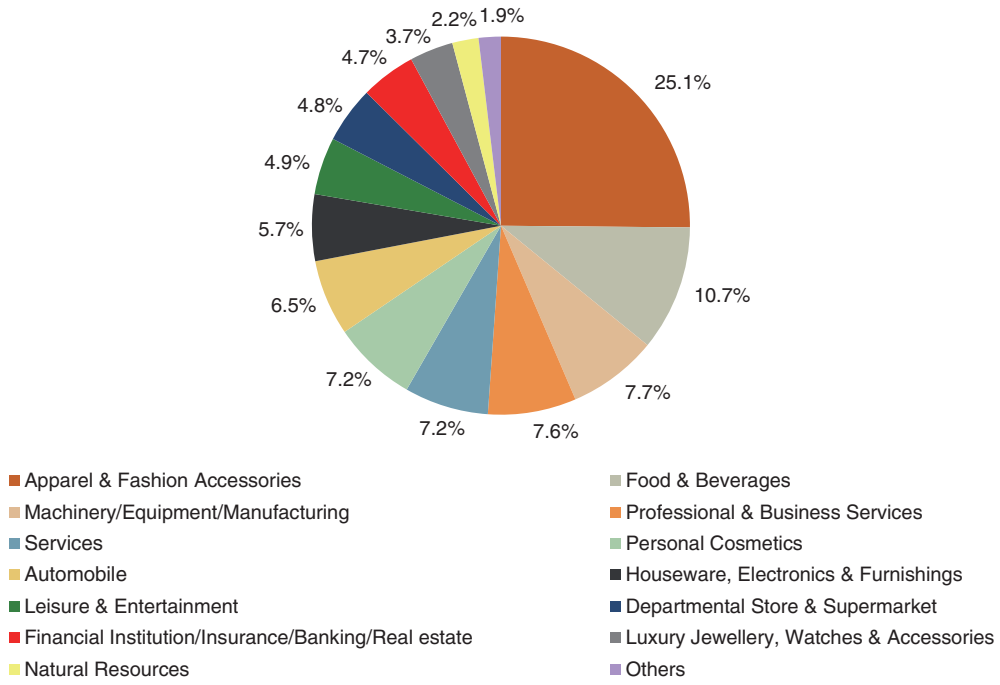
(1) Average rent is calculated based on the average base rental income over the leased area for the financial year (adjusted for rent-free periods).

Trade Sector Analysis

IPO Portfolio

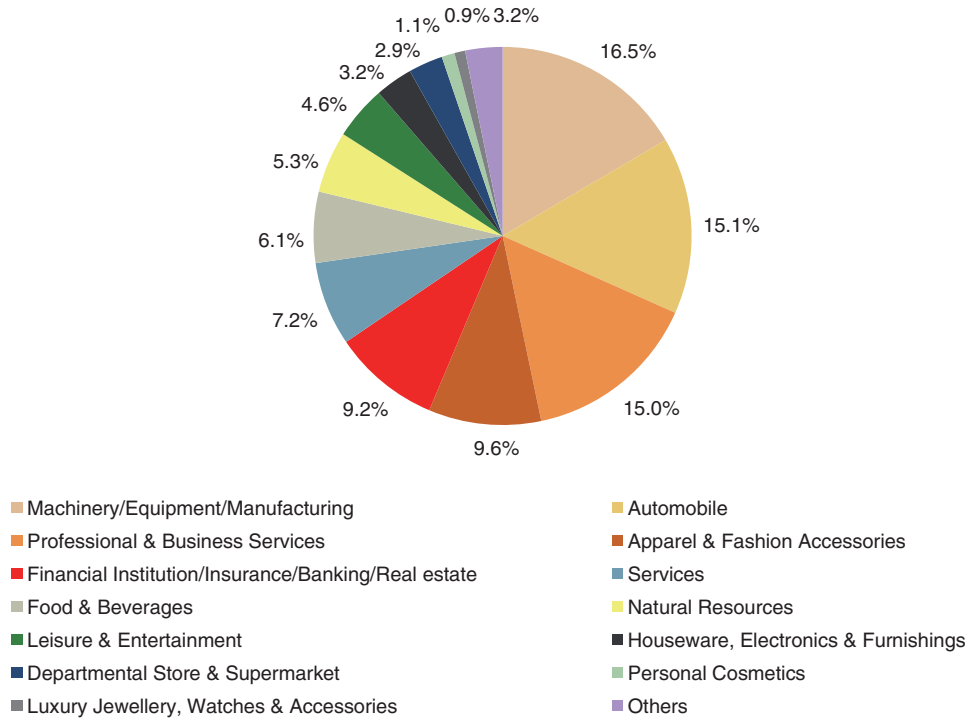
The chart below provides a breakdown by Gross Rental Income of the different trade sub-sectors represented in the IPO Portfolio for the month of November 2012.

(a) By Gross Rental Income for the month of November 2012



The chart below provides a breakdown by Lettable Area of the different trade sub-sectors represented in the IPO Portfolio as at 30 November 2012.

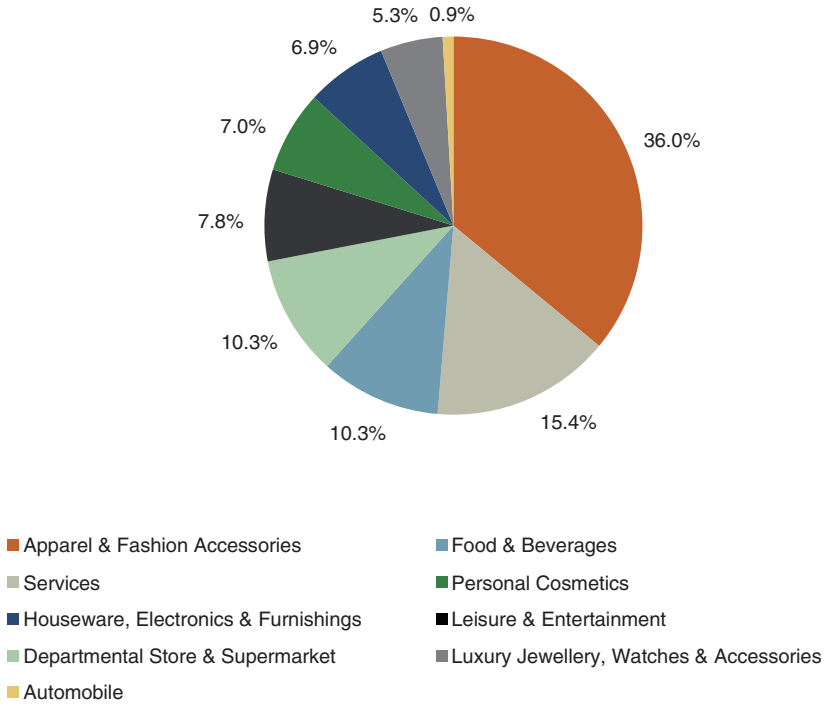
(b) By Lettable Area as at 30 November 2012



Retail Component

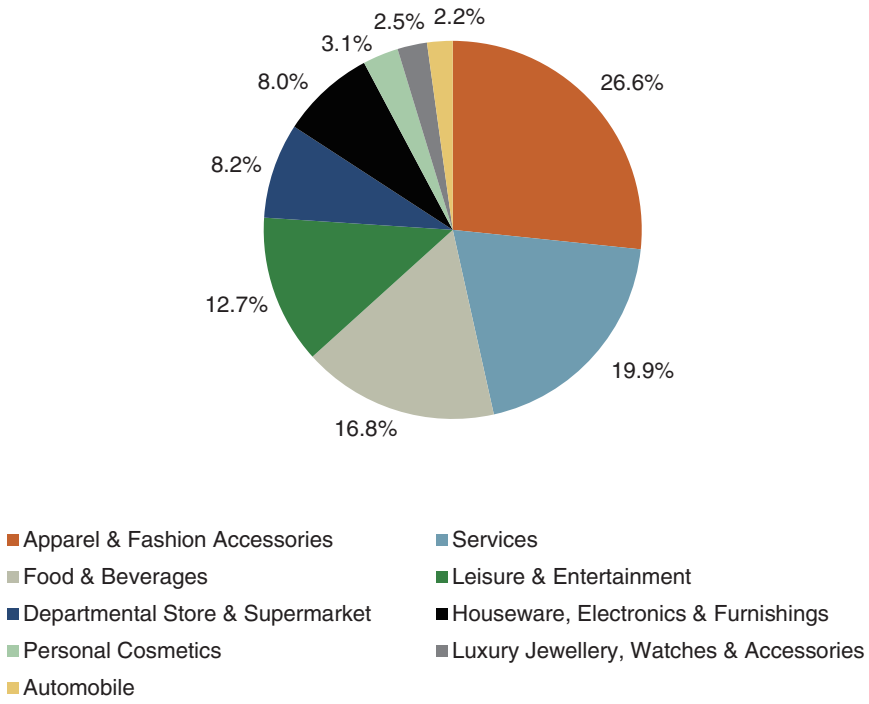
The chart below provides a breakdown by Gross Rental Income of the retail component of the different trade sub-sectors represented in the Properties for the month of November 2012.

(a) By Gross Rental Income for the month of November 2012



The chart below provides a breakdown by Lettable Area of the retail component of the different trade sub-sectors represented in the Properties as at 30 November 2012.

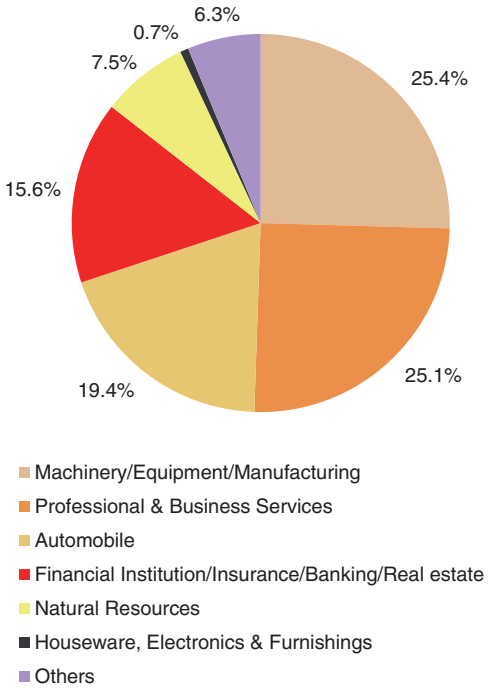
(b) By Lettable Area as at 30 November 2012



Office Component

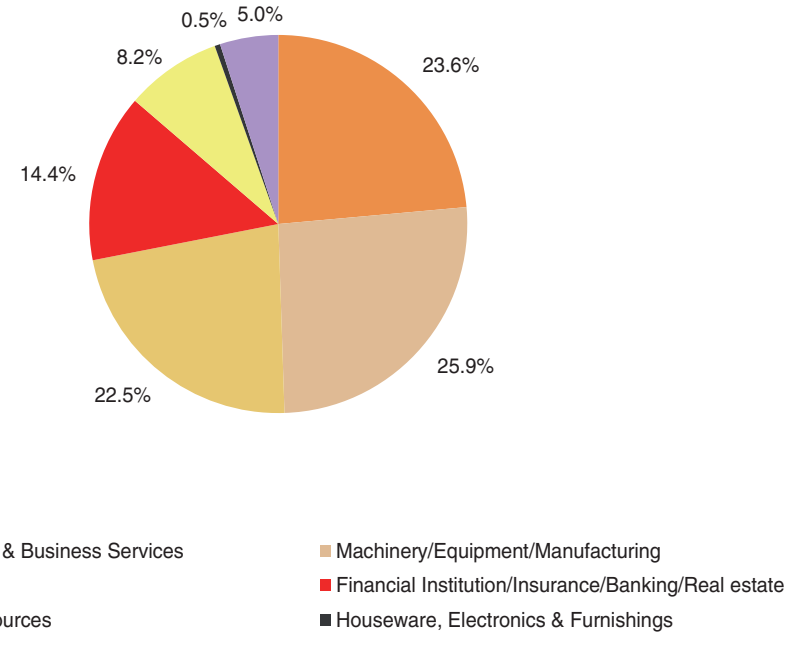
The chart below provides a breakdown by Gross Rental Income of the office component of the different trade sub-sectors represented in the Properties for the month of November 2012.

(a) By Gross Rental Income for the month of November 2012



The chart below provides a breakdown by Lettable Area of the office component of the different trade sub-sectors represented in the Properties as at 30 November 2012.

(b) By Lettable Area as at 30 November 2012



Top 10 Tenants

IPO Portfolio

Collectively, the top 10 tenants contribute 25.6% of the IPO Portfolio's Gross Rental Income for the month of November 2012. Key tenants such as Apple, H&M and Ove Arup are also contracted on long-term leases which ensure the long-term stability of the IPO Portfolio.

The table below sets out selected information on the top 10 tenants of the Properties (based on Gross Rental Income) for the month of November 2012.

Tenant	Sector	Trade Sector	Lease Expiry[1]	% of Gross Rental Income
BMW Group	Office/ Retail	Automobile	December 2014 September 2016	5.9%
Ove Arup	Office	Professional & Business Services	January 2015 January 2018 July 2018	4.3%
TaSTe	Retail	Departmental Store & Supermarket	July 2013	3.2%
Apple	Retail/ Office	Houseware, Electronics & Furnishings	July 2018 February 2022	2.2%
Uniqlo	Retail	Apparel & Fashion Accessories	April 2015	2.2%
CFLD	Office	Financial Institution/ Insurance/Banking/ Real estate	May 2013 August 2013 February 2015	1.8%
Marks & Spencer	Retail	Departmental Store & Supermarket	July 2013	1.6%
Doosan	Office	Machinery/Equipment/ Manufacturing	June 2015	1.5%
H&M	Retail	Apparel & Fashion Accessories	July 2017	1.5%
AMC	Retail	Leisure & Entertainment	December 2015	1.4%
Top 10 Tenants				25.6%
Other Tenants				74.4%
Total				100.0%

Note:

(1) Some of the tenants above have signed more than one tenancy agreement and this has resulted in more than one tenancy expiry date for such tenants.

The IPO Portfolio benefits from the diversity and quality of the Properties' tenant base, as the key tenants highlighted are established PRC enterprises or large MNCs.

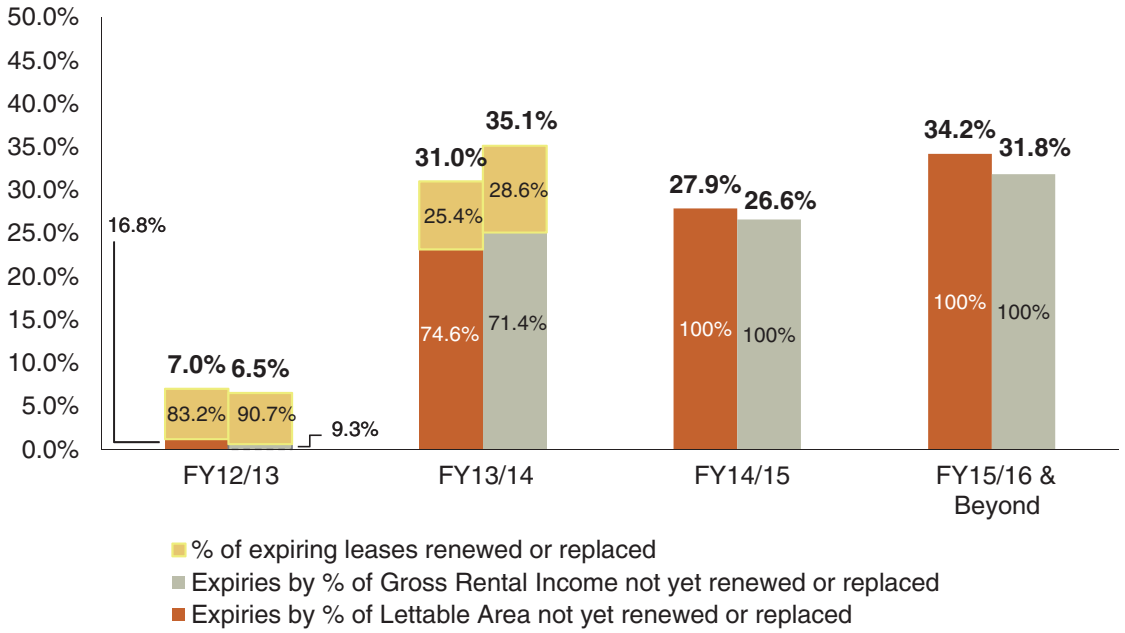
Lease Expiry Profile

The WALE by Lettable Area of the IPO Portfolio as at 30 November 2012 is 2.4 years, and the WALE by Gross Rental Income for the month of November 2012 is 2.4 years.

The leases at the Properties are generally for terms of three years or more. However, certain key anchor tenants such as Ove Arup and Apple have longer lease periods that expire between 2015 and 2022. Such long-term leases provide income stability to the IPO Portfolio while ensuring a good tenant mix.

Certain leases have options to renew for further terms, and in line with normal commercial practice, such renewals are generally on the same terms and conditions as the original leases except for the rental rate, which will be determined according to prevailing market rent. Approximately 35.1% of leases (by Gross Rental Income) is expected to expire in FY13/14 and this represents potential rental reversion. The graph below illustrates the lease expiry profile of the Properties by Gross Rental Income and Lettable Area for the month of November 2012 and as at 30 November 2012, respectively.

Percentage of Leases Expiring(1)



Note:

(1) Percentage of expiring leases renewed or replaced is as of 29 January 2013.

The table below sets out the number of leases expiring in the Properties for FY12/13, FY13/14, FY14/15 and FY15/16 and beyond (based on the leases as at 30 November 2012).

	FY12/13	FY13/14	FY14/15	FY15/16 & Beyond
No. of leases expiring as at 30 November 2012	24	136	102	91

Marketing and Leasing Activities

The Property Manager provides quality leasing and management services to Festival Walk and Gateway Plaza. This enables MGCCT to maximise rental returns and to achieve long term capital appreciation, market leadership in the respective asset classes and maintain its brand position. The Property Manager will continue with the existing third party service providers who are performing certain property management services for Festival Walk and Gateway Plaza. These property management services include advertising, landscaping, maintenance, pest control and tenancy administration. The respective agreements with these third party service providers contain the customary provisions, including termination for fault and for no-fault, as well as the right to supervise or audit and to grant approval prior to various acts of the relevant service provider. The Property Manager may continue to engage third party service providers to perform certain property management services provided that the Property Manager will only be entitled to charge such fees as stated in "Overview – Certain Fees and Charges" in connection with on-going management and operation of MGCCT in relation to the property management fees. (See "Certain Agreements Relating to Mapletree Greater China Commercial Trust and the Properties".)

The Properties will be actively marketed by the Property Manager to prospective tenants in desired target groups through direct calls and liaising with property consultants. Prospective tenants and their consultants are also regularly updated with information on the available units for rental at each of the Properties. Viewings of the premises will be conducted regularly by the Property Manager with prospective tenants to market vacant units. The Manager will also explore opportunities for joint marketing efforts and other mutually beneficial opportunities with the Sponsor. The Manager believes that such a proactive leasing approach and strategy will assist MGCCT to attract high quality tenants to the Properties.

In terms of marketing, the Marketing & Promotions Department oversees and manages the brand of the Properties. More than 10 large scale promotions and/or events are organised annually at Festival Walk in order to attract both local residents and tourists to the shopping mall. The department will also utilise websites, videos and marketing collateral to promote the mall, focusing primarily on communication to the media, reputational issues and community engagement. Public perception on a variety of issues affecting the shopping malls is tracked and marketing campaigns are organised to address such issues where appropriate.

Lease Agreements and Lease Management

The lease agreements entered into for the Properties contain terms and conditions, including those relating to the duration of the lease, provision of security deposit, as well as alteration and improvement works, generally found in most office and retail lease agreements in Hong Kong and the PRC. The Manager believes that the terms are in line with generally accepted market practice and procedures. Rental rates under the retail leases generally increase at a fixed, pre-agreed amount each year. In addition, leases with terms of more than three years will generally provide that the rents payable are reviewed and adjusted every three years or at other intervals in accordance with prevailing market levels. In certain instances, these terms have been varied to accommodate the specific needs of major tenants such as the provision of a rent-free fitting out period.

When a prospective tenant has committed to a lease, a security deposit in the form of cash or banker's guarantee equal to three months' gross rent and property management fee is typically payable. The tenant will take possession of the premises after it has made the requisite payments and has formally executed the lease agreement. Rent and service charges are typically payable in advance on a monthly basis.

The Property Manager will maintain close communication and good working relationships with existing tenants and will meet with them regularly to address their needs. Dialogues and meetings for lease renewal will be held with tenants ahead of their lease expiry.

Arrears management procedures will also be enforced to ensure timely payment of rent. The Manager believes that these proactive steps to retain tenants and reduce rental in arrears will help maintain a stable income stream for MGCCT.

The Property Manager also operates a comprehensive tenancy retention program targeting tenants with long-term appeal well before the expiry of their leases to ensure, where possible, certainty of long-term occupancy. In addition, the Property Manager will continually refresh and ensure a good tenant mix for the Properties by attracting new brands to set up operations in the retail mall where appropriate.

CAPITAL EXPENDITURE

Minimal capital expenditure is expected for the Properties for Forecast Period 12/13, the Projection Year 13/14 and the Projection Year 14/15 due to the quality of the Properties.

(See "Profit Forecast and Profit Projections – Assumptions – Capital Expenditure" for further details.)

FESTIVAL WALK (又一城)

80 Tat Chee Avenue, Yau Yat Tsuen, Kowloon Tong, Kowloon, Hong Kong

Source: Urbis and Savills

Description of Festival Walk

Festival Walk is a premier retail and lifestyle destination, comprising a seven-storey territorial retail mall with a four-storey office component on top of the mall, as well as three floors of underground car parks. Festival Walk was completed in November 1998 and is one of the largest malls in Kowloon with a total GFA of approximately 1.2 million sq ft.[1]

Festival Walk is located in Kowloon Tong, an upscale residential area characterised by low-density residential developments. A number of universities are within the vicinity, including the City University of Hong Kong and Hong Kong Baptist University.

Festival Walk is directly linked to the Kowloon Tong MTR station, which is the interchange for the MTR's local underground metro line (Kwun Tong Line) and the overland railway linking Hong Kong directly to the Shenzhen border (East Rail Line).

Festival Walk shopping mall is positioned as an upper-middle market territorial mall in Kowloon. It targets teenagers and young professionals in their 20s and 30s who are looking for more stylish offerings, and affluent professionals in their 40s and 50s and their families who are able to meet a majority of their needs in the mall. Festival Walk possesses the first AMC multiplex cinema in Hong Kong, one of the largest ice rinks in Hong Kong, the first LOG-ON fashion and lifestyle store in Hong Kong, the first agnès b concept store featuring the world's first agnès b fleuriste and the first H&M store operating in a shopping mall in Asia.

Festival Walk's Grade A offices enjoy a niche position in the low-density Kowloon Tong area and provide high quality office space at a location easily accessible via the MTR rail lines and proximity to a range of technological, academic and semi-governmental institutions.

Festival Walk's awards include a Platinum rating from the Hong Kong Building Environmental Assessment Method (BEAM) in 2006 and 2011, an Indoor Air Quality Certificate (Excellent Class) – Site 308 and Common Area of the whole office building, an Indoor Air Quality Certificate (Good Class) – Retail Common Area from the Environmental Protection Department of the HKSAR in 2012, the Green Building Award in 2010 and a Bronze Award from the Hong Kong Energy

1 Excludes underground car park area of Festival Walk which has a GFA of 154,470 sq ft. (See "Certain Defined Terms and Convention" for details regarding the computation of GFA.)

Efficiency Awards in 2006. It also won the Merit Award of the Hong Kong Management Association/TVB Award for Marketing Excellence and the Maxi Merit Award of the International Council of Shopping Centres in 1999.

The table below sets out a summary of selected information on Festival Walk.

Address	No. 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong
Lot No.	New Kowloon Inland Lot No. 6181
Completion Date	November 1998
Committed Occupancy as of 30 November 2012(1)	Overall – 100.0% Office component – 100.0% Retail component – 100.0%
Number of car park lots	830
Number of floors	14
GFA (sq ft)(2)	Total – 1,208,754 Office component – 228,665 Retail component – 980,089
Lettable Area (sq ft)(2)	Total – 793,728 Office component – 213,982 Retail component – 579,746
Land Area (sq ft)	222,384
Gross Revenue: FY2013/2014 (S$ million)	176.4
Net Property Income: FY2013/2014 (S$ million)	136.5
Retail Passing rent (HK$/month) for November 2012	109.3 per sq ft
Office Passing rent (HK$/month) for November 2012	30.7 per sq ft
Independent appraisal (S$ million) (as at 31 December 2012)	Knight Frank: 3,296 DTZ: 3,344
Independent appraisal (million) (as at 31 December 2012)	Knight Frank: HK$20,700 DTZ: HK$21,000
Number of tenants as of 30 November 2012	216(3)
Land use right expiry	30 June 2047
WALE by Lettable Area (years)	2.7
WALE by Gross Rental Income (years)	2.4

Notes:

(1) "**Committed Occupancy**" means the occupancy rate based on all current leases in respect of the Properties, including legally binding letters of offers which have been accepted for vacant units.

(2) Excludes underground car park area of Festival Walk which has a GFA of 154,470 sq ft. (See "Certain Defined Terms and Convention" for details regarding the computation of GFA.)

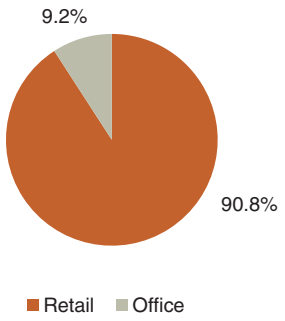
(3) Number of tenants for Festival Walk excludes The Glacier as it is wholly-owned by MGCCT.

Trade Sector Analysis

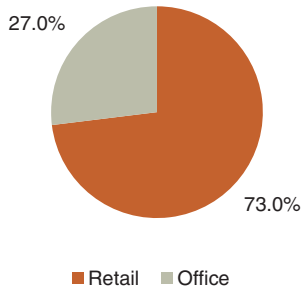
Festival Walk

Festival Walk is predominantly a retail property with the retail component contributing 90.8% of Gross Rental Income and 73.0% of Lettable Area in the month of November 2012 and as at 30 November 2012, respectively. The charts below provide a breakdown by Gross Rental Income and Lettable Area of Festival Walk by sector for the month of November 2012 and as at 30 November 2012, respectively.

Breakdown of Gross Rental Income by Sector

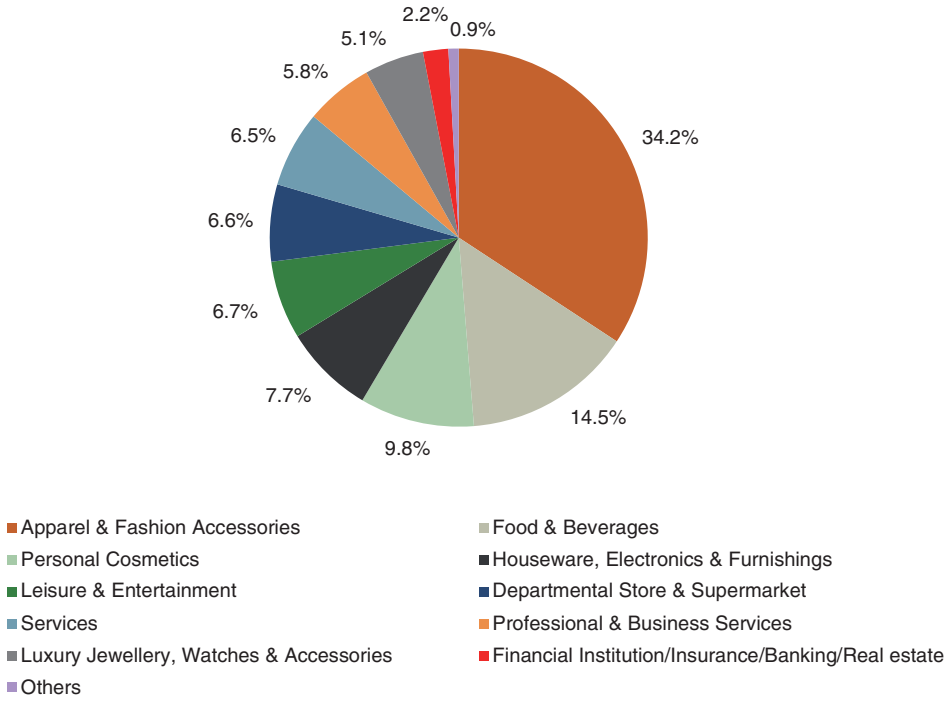


Breakdown of Lettable Area by Sector



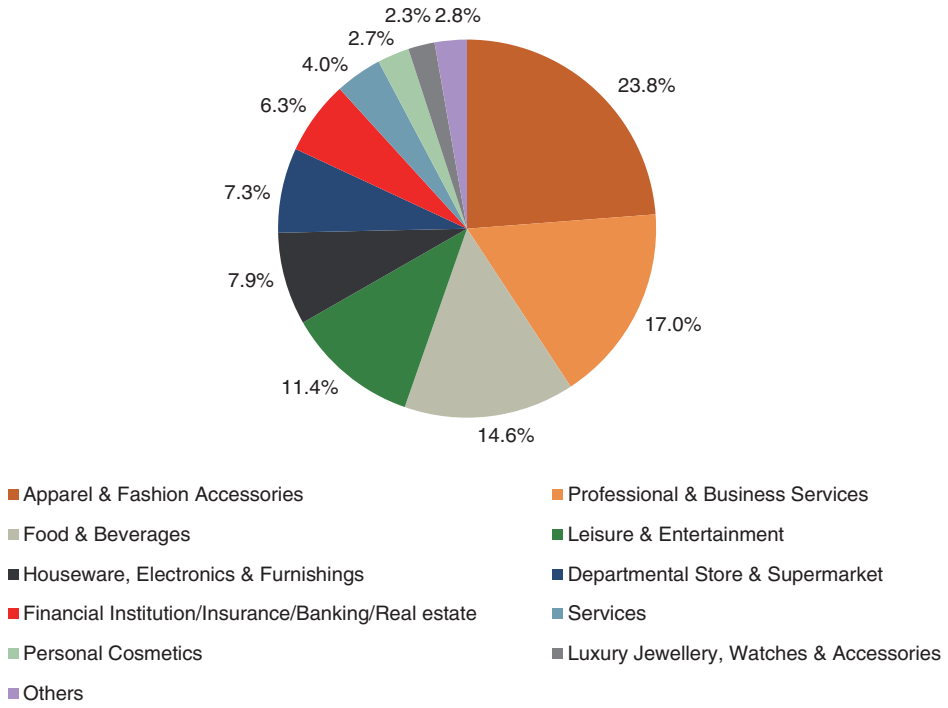
The chart below provides a breakdown by Gross Rental Income of the different trade sub-sectors represented in Festival Walk for the month of November 2012.

(a) By Gross Rental Income for the month of November 2012



The chart below provides a breakdown by Lettable Area of the different trade sub-sectors represented in Festival Walk as at 30 November 2012.

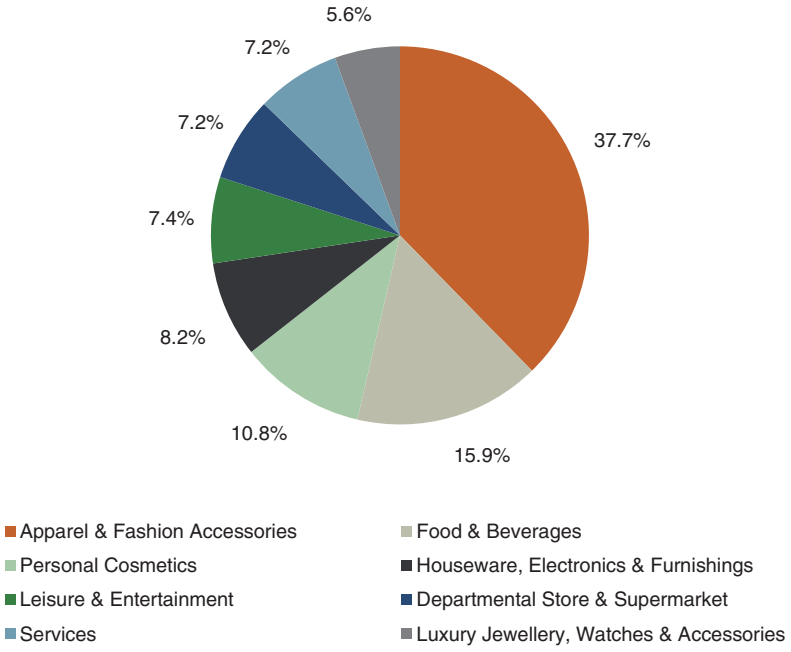
(b) By Lettable Area as at 30 November 2012



Retail Component

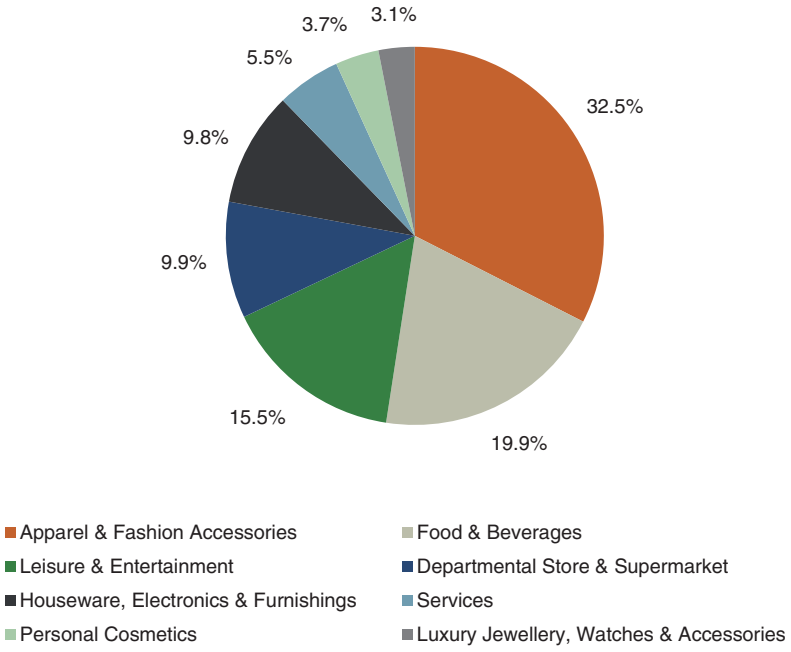
The chart below provides a breakdown by Gross Rental Income of the retail component of the different trade sub-sectors represented in Festival Walk for the month of November 2012.

(a) By Gross Rental Income for the month of November 2012



The chart below provides a breakdown by Lettable Area of the retail component of the different trade sub-sectors represented in Festival Walk as at 30 November 2012.

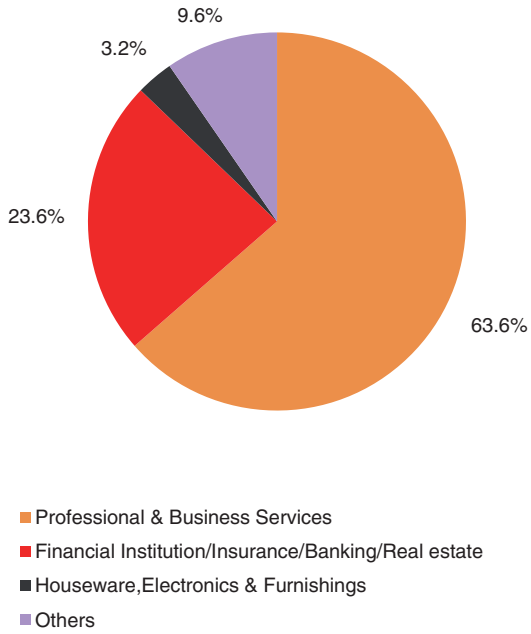
(b) By Lettable Area as at 30 November 2012



Office Component

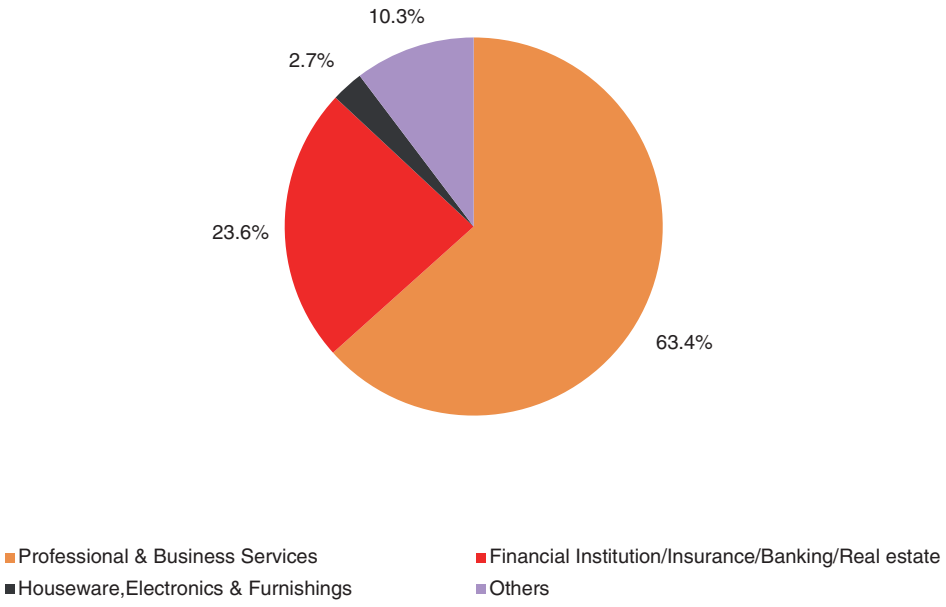
The chart below provides a breakdown by Gross Rental Income of the office component of the different trade sub-sectors represented in Festival Walk for the month of November 2012.

(a) By Gross Rental Income for the month of November 2012



The chart below provides a breakdown by Lettable Area of the office component of the different trade sub-sectors represented in Festival Walk as at 30 November 2012.

(b) By Lettable Area as at 30 November 2012



Top 10 Tenants

Festival Walk

Collectively, the top 10 tenants of Festival Walk contribute 27.5% of Festival Walk's Gross Rental Income for the month of November 2012.

The table below sets out selected information on the top 10 tenants of Festival Walk (based on Gross Rental Income) for the month of November 2012.

Tenant	Sector	Trade Sector	Lease Expiry[1]	% of Gross Rental Income
Ove Arup	Office	Professional & Business Services	January 2015 January 2018 July 2018	5.8%
TaSTe	Retail	Departmental Store & Supermarket	July 2013	4.3%
Apple	Retail/Office	Houseware, Electronics & Furnishings	July 2018 February 2022	2.9%
Uniqlo	Retail	Apparel & Fashion Accessories	April 2015	2.9%
Marks & Spencer	Retail	Departmental Store & Supermarket	July 2013	2.2%
H&M	Retail	Apparel & Fashion Accessories	July 2017	2.0%
AMC	Retail	Leisure & Entertainment	December 2015	1.9%
i.t	Retail	Apparel & Fashion Accessories	May 2014	1.8%
Prudential	Office	Financial Institution/ Insurance/ Banking/ Real estate	July 2013	1.7%
I.T	Retail	Apparel & Fashion Accessories	March 2013	1.7%
Top 10 Tenants				**27.5%**
Other Tenants				**72.5%**
Total				**100.0%**

Note:

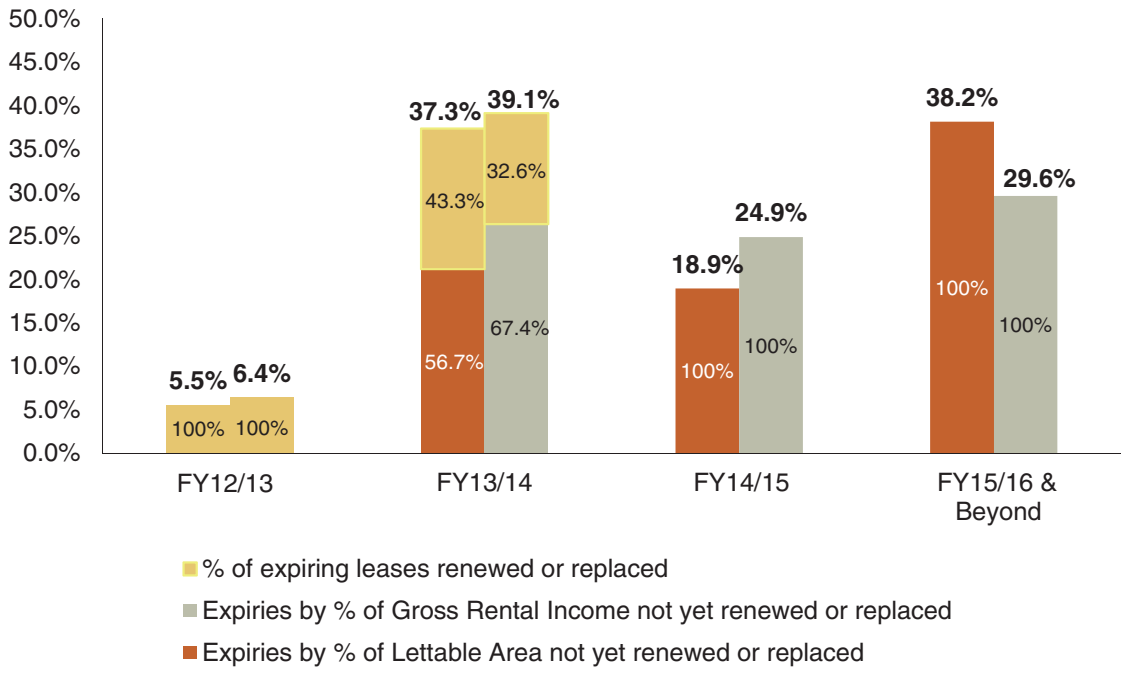
(1) Some of the tenants above have signed more than one tenancy agreement and this has resulted in more than one tenancy expiry date for such tenants.

Lease Expiry Profile

Festival Walk

The graph below illustrates the committed lease expiry profile of Festival Walk by Gross Rental Income and Lettable Area for the month of November 2012 and as at 30 November 2012, respectively.

Percentage of Leases Expiring(1)



Note:

(1) Percentage of expiring leases renewed or replaced is as of 29 January 2013.

The WALE by Lettable Area as at 30 November 2012 is 2.7 years, and the WALE by Gross Rental Income for the month of November 2012 is 2.4 years.

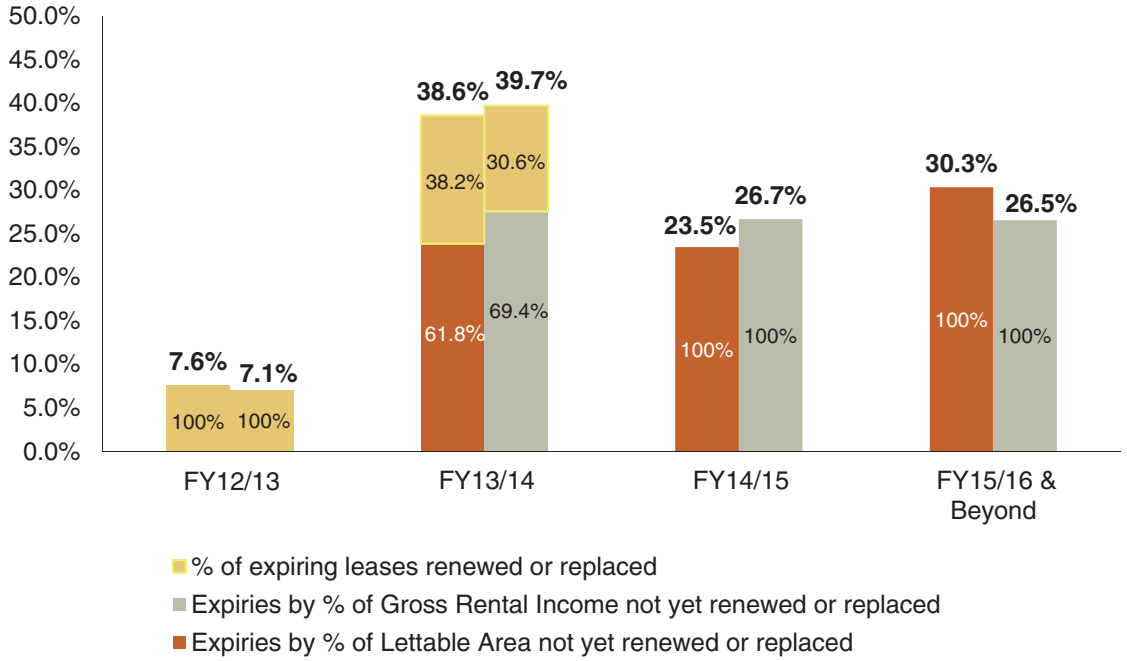
The table below sets out the number of leases expiring in Festival Walk for FY12/13, FY13/14, FY14/15 and FY15/16 and beyond (based on the leases as at 30 November 2012).

	FY12/13	FY13/14	FY14/15	FY15/16 & Beyond
No. of leases expiring as at 30 November 2012	19	102	68	56

Retail Component

The graph below illustrates the lease expiry profile of the retail component of Festival Walk by Gross Rental Income and Lettable Area for the month of November 2012 and as at 30 November 2012, respectively.

Percentage of Leases Expiring(1)



Note:

(1) Percentage of expiring leases renewed or replaced is as of 29 January 2013.

The WALE by Lettable Area as at 30 November 2012 is 2.4 years, and the WALE by Gross Rental Income for the month of November 2012 is 2.3 years.

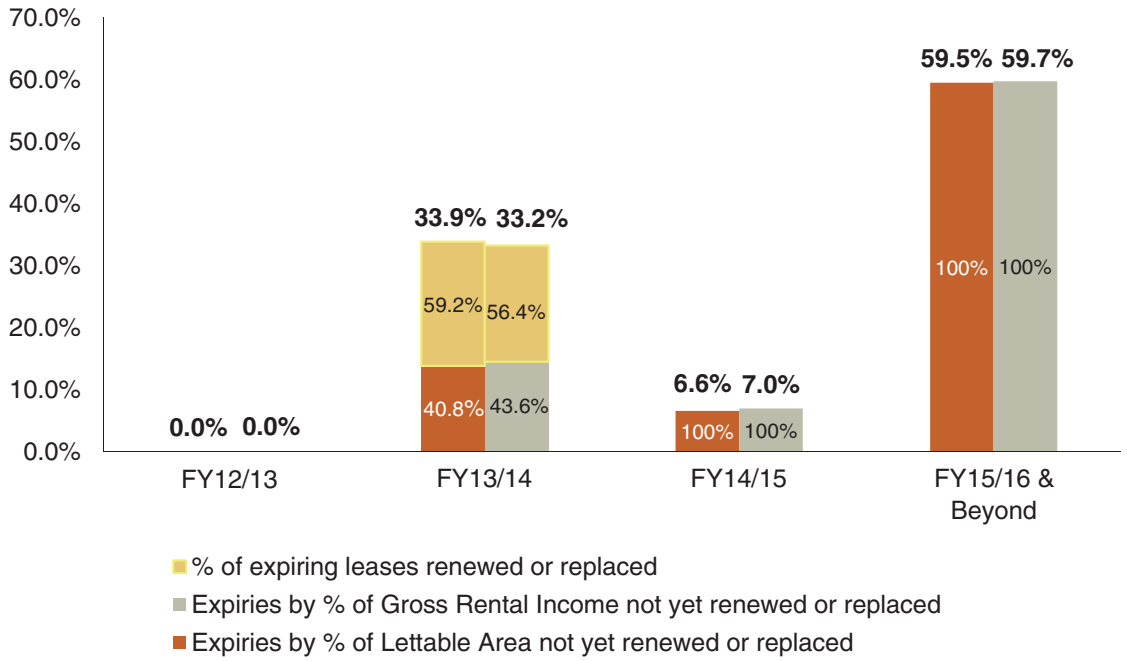
The table below sets out the number of leases expiring for the retail component of Festival Walk for FY12/13, FY13/14, FY14/15 and FY15/16 and beyond (based on the leases as at 30 November 2012).

	FY12/13	FY13/14	FY14/15	FY15/16 & Beyond
No. of leases expiring as at 30 November 2012	19	98	67	52

Office Component

The graph below illustrates the committed lease expiry profile of the office component of Festival Walk by Gross Rental Income and Lettable Area for the month of November 2012 and as at 30 November 2012, respectively.

Percentage of Leases Expiring(1)



Note:

(1) Percentage of expiring leases renewed or replaced is as of 29 January 2013.

The WALE by Lettable Area as at 30 November 2012 is 3.5 years, and the WALE by Gross Rental Income for the month of November 2012 is 3.5 years.

The table below sets out the number of leases expiring for the office component of Festival Walk for FY12/13, FY13/14, FY14/15 and FY15/16 and beyond (based on the leases as at 30 November 2012).

	FY12/13	FY13/14	FY14/15	FY15/16 & Beyond
No. of leases expiring as at 30 November 2012	0	4	1	4

Competition

Retail

Festival Walk's retail component has seven comparables, all of which are classified as regional or territorial shopping malls, have direct access to a railway station and have floor areas of approximately 600,000 sq ft and above.

The table below sets out the details of the existing competitors of Festival Walk in the retail space.

Development	District	Year of Completion	Estimated GFA (sq ft)
Existing Developments			
New Town Plaza I and III	Sha Tin	New Town Plaza I (1984), New Town Plaza III (1991)	1,650,000
Grand Century Place	Mong Kok	1997	725,000
Telford Plaza	Kowloon Bay	Telford Plaza 1: 1980, Telford Plaza 2: 1996	922,000
Olympian City	West Kowloon	Phase I: 2000, Phase II: 2001, Phase III: 2011	710,641
APM	Kwun Tong	2004	598,000
Langham Place	Mong Kok	2004	589,844
Elements	Tsim Sha Tsui	2006	1,000,000
Total			**6,195,485**

Source: Savills, Urbis

Office

Festival Walk's office component has four comparables which are located in decentralised office areas, have direct access to an MTR station, and possesses floor plates of close to 20,000 sq ft and a sizeable shopping mall beneath it.

The table below sets out the details of the existing competitors of Festival Walk in the office space.

Development	District	Year of Completion	Estimated GFA (sq ft)
Existing Developments			
Grand Central Plaza	Sha Tin	1995	431,000
Grand Century Place	Mong Kok	1997	475,000
The Metropolis Tower	Hung Hom	2001	271,400
Langham Place	Mong Kok	2004	730,000
Total			**1,907,400**

Source: Savills

Information Regarding the Title of Festival Walk

Festival Walk is held in the names of Festival Walk Holdings Limited and Festival Walk (2011) Limited, which are two of the HK Property Companies, under a lease from the Hong Kong Government. It was granted by the Hong Kong Government for a term from 30 March 1993 to 30 June 2047.

The table below sets out some particulars of the lease from the Hong Kong Government.

Lot No.	New Kowloon Inland Lot No. 6181
Grantor	Hong Kong Government
Issue Date	30 March 1993
Grantee	Festival Walk Holdings Limited
Location	Tat Chee Avenue, Yau Yat Tsuen, Hong Kong
Land Area (sq ft)	222,384
Land Use	Non-industrial
Term of Land Use	Expires 30 June 2047

The Glacier

MGCCT will (through Festival Walk (2011) Limited) be the registered owner of Festival Walk's ice rink business, which is managed under a business name of "The Glacier". MGCCT will engage the Property Manager to manage the operations of The Glacier, the cost of which is the cost of employing the persons to run the ice rink business with an administrative cost of 3.0% of such employment cost. For the Projection Year 13/14 and Projection Year 14/15, the income generated from the operations of The Glacier is expected to contribute not more than approximately 3.0% of the total revenue of MGCCT per annum, and the expenses of The Glacier is expected to constitute not more than approximately 9.0% of the total operating expense of MGCCT per annum.

The Glacier has been part of the mall since the opening of Festival Walk. In 2012, The Glacier was the training ground for the Hong Kong Paralympic ice-skating squad and certain members of the Hong Kong Olympics ice-skating team. The Manager believes that The Glacier adds to the attractions of Festival Walk and draws visitors and shoppers to the mall.

The operation of The Glacier will comply with paragraph 7.2 of the Property Funds Appendix.

Security Services for Festival Walk

As at 31 December 2012, Festival Walk (2011) Limited employs 89 security guards to provide security services for Festival Walk. The total costs of employing such security guards is expected to amount to less than 2.0% of the total Gross Revenue of Festival Walk (2011) Limited.

GATEWAY PLAZA (佳程广场)

No. 18 Xiaguangli Road, East Third Ring North Road, Chaoyang District, Beijing

Source: Colliers

Description of Gateway Plaza

Gateway Plaza is a premier Grade A office building consisting of two 25-storey towers connected by a three-storey atrium, as well as three underground floors with car park spaces, plant rooms and ancillary facilities. It is located in the Chaoyang district, at the junction of East Third Ring Road and Airport Expressway, and is within the traditional commercial and office area known as the Lufthansa Area in Beijing, which includes the Third Embassy Area. The Lufthansa Area is one of the earliest and most important prime districts in Beijing for office, commercial and retail establishments. Developments in the vicinity include commercial buildings, hotels, shopping arcades and embassy residences. Gateway Plaza was completed in August 2005 and is one of the best Grade A international office buildings in the Lufthansa Area according to CBRE.

Gateway Plaza is readily accessible from other districts via expressways and public transport. Sanyuanqiao Metro station, which is the interchange station of Metro Line 10 and Airport Express is approximately 0.7 km away while the CBD and Beijing Capital International Airport are approximately 8 km and 20 km away, respectively. Taxis are available along East 3rd Ring Road and Airport Express and multiple bus stops are within walking distance of the Property.

The two office towers of Gateway Plaza are each served by eight passenger lifts, two service lifts and two staircases. Fire fighting systems such as an automatic sprinkler system are installed throughout the property. Gateway Plaza is also equipped with central air-conditioning system with provision of individual temperature control in each unit.

Gateway Plaza's first three storeys constitute an atrium, which is currently occupied by the Beijing Chaoyang sub-branch of the Bank of China, a BMW Group showroom, Nanyang Commercial Bank, a medical centre, some retail outlets and a café which services tenants in the Property. The fourth to 25th storeys house the office portion of the Property.

The table below sets out a summary of selected information on Gateway Plaza.

Address	No.18 Xiaguangli, East 3rd Ring North Road, Chaoyang District, Beijing, PRC
State-owned Land Use Certificate No.	Jing Chao Guo Yong (2003 Chu) No. 0075
Completion Date	August 2005
Committed Occupancy as at 30 November 2012(1)	98.3%
Number of car park lots	692
Number of floors	28
GFA (sq ft)(2)	1,145,882
Lettable Area (sq ft)(2)	Total – 1,145,882 Office component – 1,019,503 Retail component – 126,379
Land Area (sq ft)	190,416
Gross Revenue: FY2013/2014 (S$ million)	57.8
Net Property Income: FY2013/2014 (S$ million)	49.2
Retail Passing rent (RMB/month) for November 2012	262.8 per sq m
Office Passing rent (RMB/month) for November 2012	235.1 per sq m
Independent appraisal (S$ million) (as at 31 December 2012)	Vigers: 1,016 CBRE: 1,017
Independent appraisal (million) (as at 31 December 2012)	Vigers: RMB5,165 CBRE: RMB5,170
Number of tenants as of 30 November 2012	71
Land use right expiry	25 February 2053
WALE by Lettable Area (years)	2.2
WALE by Gross Rental Income (years)	2.4

Notes:

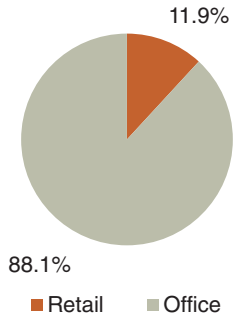
(1) "**Committed Occupancy**" means the occupancy rate based on all current leases in respect of the Properties, including legally binding letters of offers which have been accepted for vacant units.

(2) Excludes underground car park area of Gateway Plaza which has a GFA of 187,131 sq ft. (See "Certain Defined Terms and Convention" for details regarding the computation of GFA.)

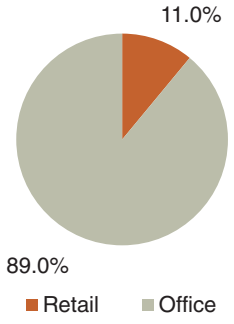
Trade Sector Analysis

Gateway Plaza is predominantly an office property with the office component contributing 88.1% of Gross Rental Income and 89.0% of Lettable Area in the month of November 2012 and as at 30 November 2012, respectively. The charts below provide a breakdown by Gross Rental Income of Gateway Plaza by trade sector for the month of November 2012 and as at 30 November 2012, respectively.

Breakdown of Gross Rental Income by Sector

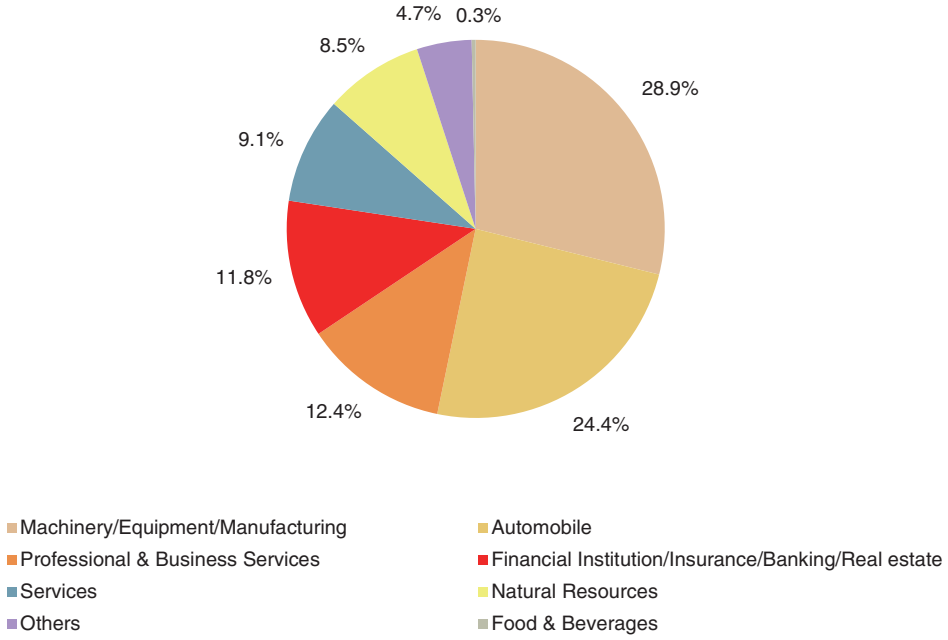


Breakdown of Lettable Area by Sector



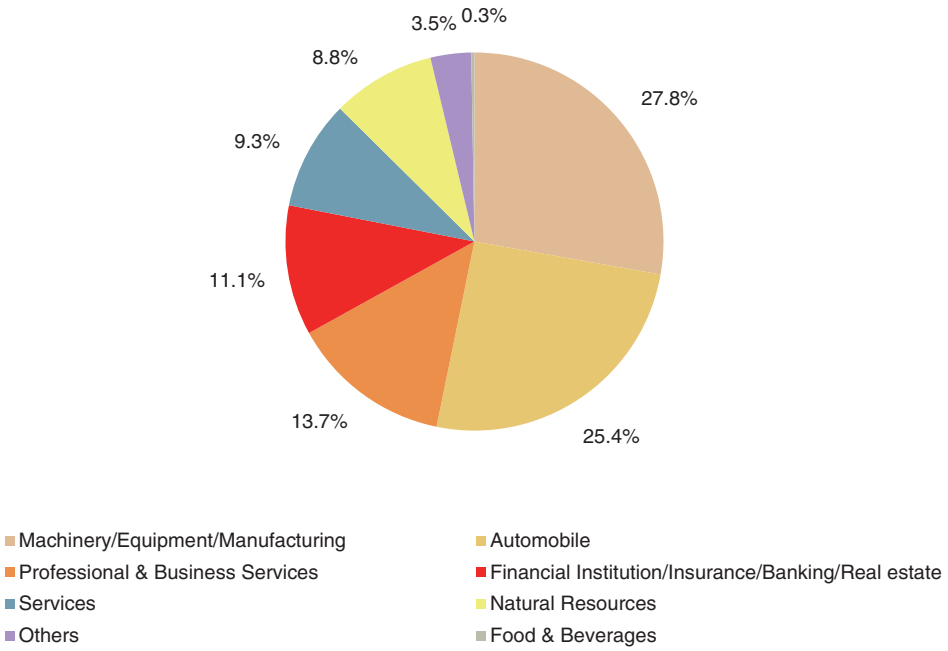
The chart below provides a breakdown by Gross Rental Income of the different trade sub-sectors represented in Gateway Plaza for the month of November 2012.

(a) By Gross Rental Income for the month of November 2012



The chart below provides a breakdown by Lettable Area of the different trade sub-sectors represented in Gateway Plaza as at 30 November 2012.

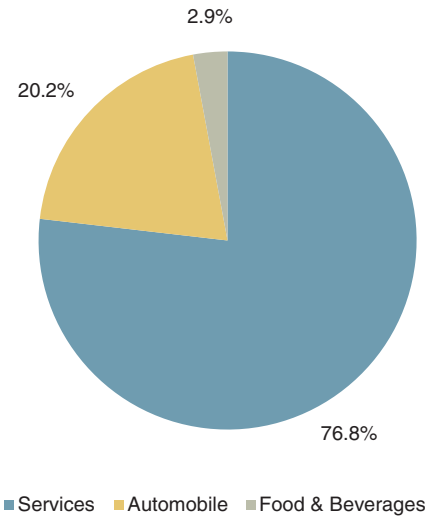
(b) By Lettable Area as at 30 November 2012



Retail Component

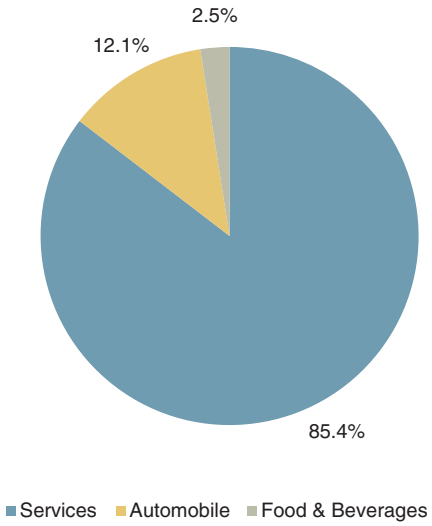
The chart below provides a breakdown by Gross Rental Income of the retail component of the different trade sub-sectors represented in Gateway Plaza for the month of November 2012.

(a) By Gross Rental Income for the month of November 2012



The chart below provides a breakdown by Lettable Area of the retail component of the different trade sub-sectors represented in Gateway Plaza as at 30 November 2012.

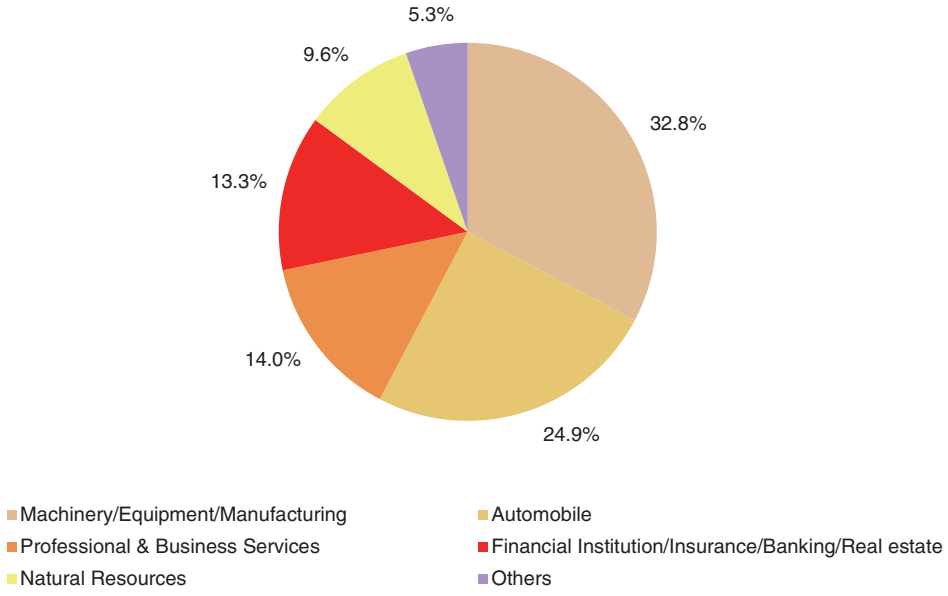
(b) By Lettable Area as at 30 November 2012



Office Component

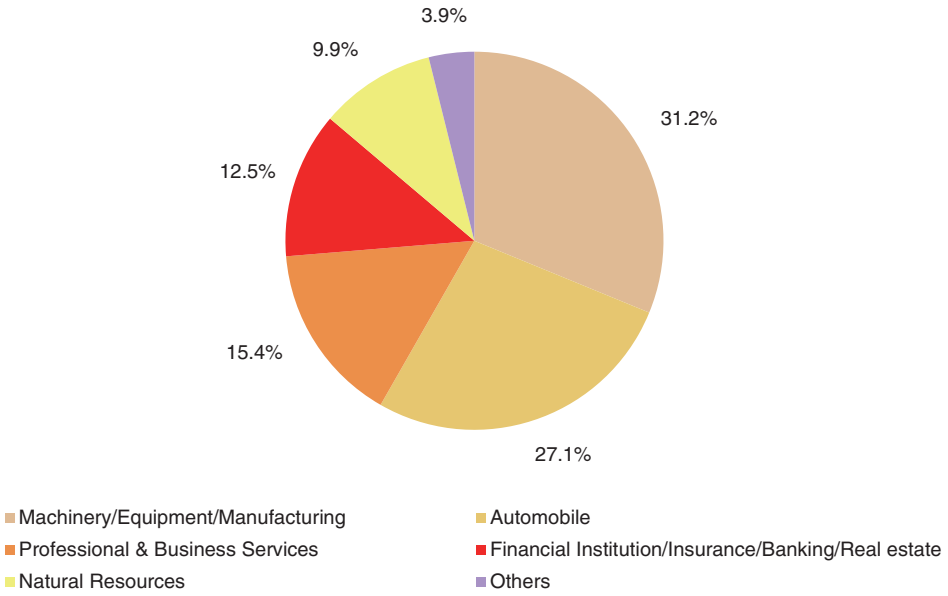
The chart below provides a breakdown by Gross Rental Income of the office component of the different trade sub-sectors represented in Gateway Plaza for the month of November 2012.

(a) By Gross Rental Income for the month of November 2012



The chart below provides a breakdown by Lettable Area of the office component of the different trade sub-sectors represented in Gateway Plaza as at 30 November 2012.

(b) By Lettable Area as at 30 November 2012



Top 10 Tenants

Gateway Plaza

Collectively, the top 10 tenants of Gateway Plaza contribute 61.4% of Gateway Plaza's Gross Rental Income for the month of November 2012.

The table below sets out selected information on the top 10 tenants of Gateway Plaza (based on Gross Rental Income) for the month of November 2012.

Tenant	Sector	Trade Sector	Lease Expiry[1]	% of Gross Rental Income
BMW Group	Office/Retail	Automobile	December 2014 September 2016	22.3%
CFLD	Office	Financial Institution/ Insurance/ Banking/ Real estate	May 2013 August 2013 February 2015	6.9%
Doosan	Office	Machinery/ Equipment/ Manufacturing	June 2015	5.7%
John Deere	Office	Machinery/ Equipment/ Manufacturing	August 2016	5.2%
Cummins	Office	Machinery/ Equipment/ Manufacturing	November 2014	5.1%
Bank Of China	Retail	Services	September 2015	4.8%
Nanyang Commercial Bank	Retail	Services	September 2022	3.5%
SPX	Office	Machinery/ Equipment/ Manufacturing	May 2015	3.0%
BASF	Office	Natural Resources	July 2016	2.4%
Posco	Office	Natural Resources	November 2013	2.3%
Top 10 Tenants				**61.4%**
Other Tenants				**38.6%**
Total				**100.0%**

Note:

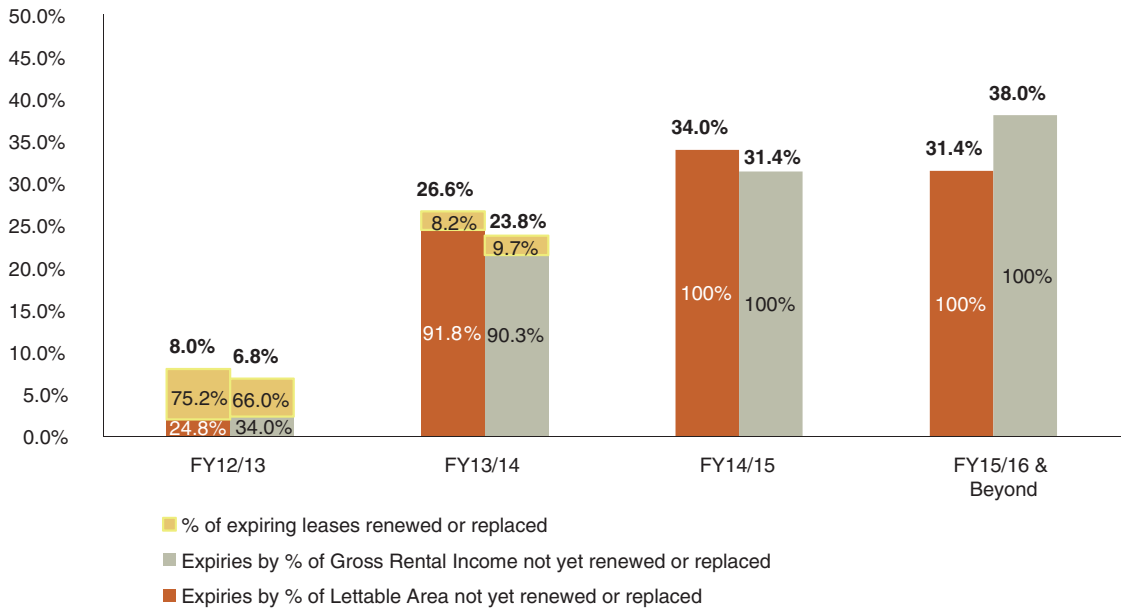
(1) Some of the tenants above have signed more than one tenancy agreement and this has resulted in more than one tenancy expiry date for such tenants.

Lease Expiry Profile

Gateway Plaza

The graph below illustrates the committed lease expiry profile of Gateway Plaza by Gross Rental Income and Lettable Area for the month of November 2012 and as at 30 November 2012, respectively.

Percentage of Leases Expiring(1)



Note:

(1) Percentage of expiring leases renewed or replaced is as of 29 January 2013.

The WALE by Lettable Area as at 30 November 2012 is 2.2 years, and the WALE by Gross Rental Income for the month of November 2012 is 2.4 years.

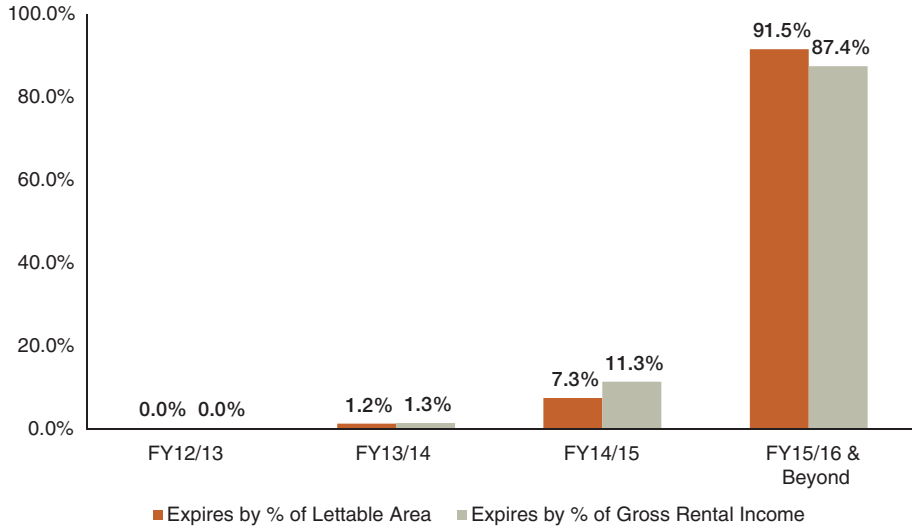
The table below sets out the number of leases expiring in Gateway Plaza for FY12/13, FY13/14, FY14/15 and FY15/16 and beyond (based on the leases as at 30 November 2012).

	FY12/13	FY13/14	FY14/15	FY15/16 & Beyond
No. of leases expiring as at 30 November 2012	5	34	34	35

Retail Component

The graph below illustrates the lease expiry profile of the retail component of Gateway Plaza by Gross Rental Income and Lettable Area for the month of November 2012 and as at 30 November 2012, respectively.

Percentage of Leases Expiring



The WALE by Lettable Area as at 30 November 2012 is 4.9 years, and the WALE by Gross Rental Income for the month of November 2012 is 5.0 years.

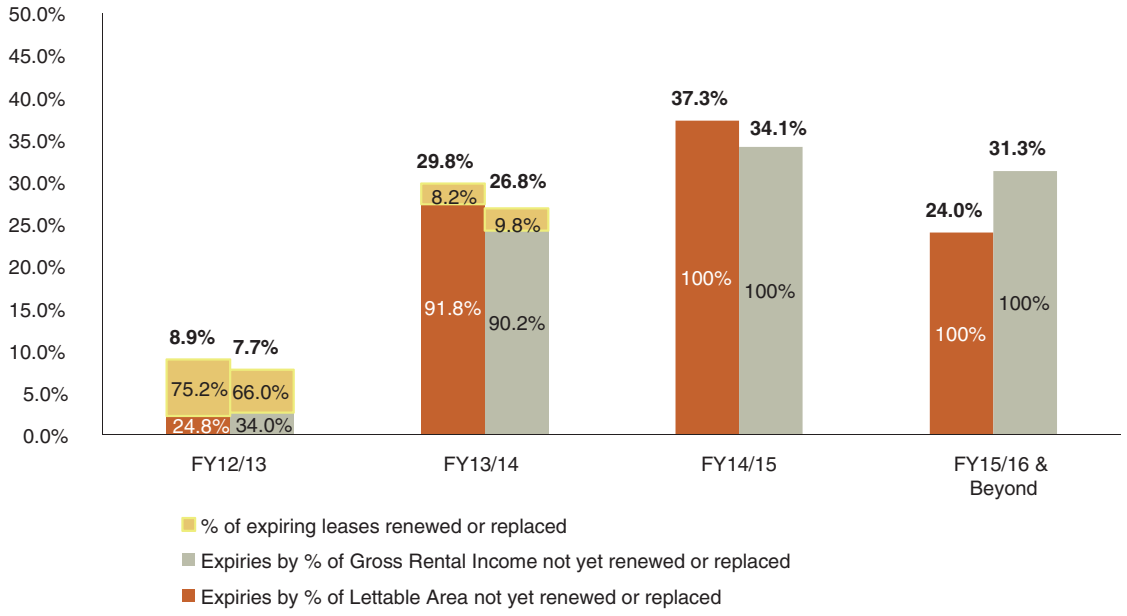
The table below sets out the number of leases expiring for the retail component of Gateway Plaza for FY12/13, FY13/14, FY14/15 and FY15/16 and beyond (based on the leases as at 30 November 2012).

	FY12/13	FY13/14	FY14/15	FY15/16 & Beyond
No. of leases expiring as at 30 November 2012	0	1	1	5

Office Component

The graph below illustrates the committed lease expiry profile of the office component of Gateway Plaza by Gross Rental Income and Lettable Area for the month of November 2012 and as at 30 November 2012, respectively.

Percentage of Leases Expiring[1]



Note:

(1) Percentage of expiring leases renewed or replaced is as of 29 January 2013.

The WALE by Lettable Area as at 30 November is 1.9 years, and the WALE by Gross Rental Income for the month of November is 2.0 years.

The table below sets out the number of leases expiring for the office component of Gateway Plaza for FY12/13, FY13/14, FY14/15 and FY15/16 and beyond (based on the leases as at 30 November 2012).

	FY12/13	FY13/14	FY14/15	FY15/16 & Beyond
No. of leases expiring as at 30 November 2012	5	33	33	30

Competition

Office

The average level of new supply per annum over the next five years is expected to be lower than the average net absorption over the past five years. Consequently, it is anticipated that office buildings, with good location and quality of construction, easy accessibility, high specifications and professional property management, such as Gateway Plaza, will continue to enjoy robust growth in both rentals and capital values. This will be supported by the trend towards decentralisation in the office property market due to the high rental rates in core areas such as the CBD and Financial Street.

The table below sets out the details of the existing and future competitors of Gateway Plaza in the office space.

Development	District	Year of Completion	Estimated GFA (sq ft)
Existing Grade A Office Developments within the Lufthansa Area			
Landmark Building I	Chaoyang	1990	269,098
Landmark Building II	Chaoyang	1998	269,098
Pacific Century Place Tower A&B	Chaoyang	1999	721,181
Pingan International Financial Centre	Chaoyang	2008	987,825
Jiaming Centre	Chaoyang	2010	561,553
Phoenix Place I	Chaoyang	2010	344,445
Phoenix Place II	Chaoyang	2011	495,139
Total			**3,648,339**
Future Supply of Beijing Grade A Office Space			
Feng Rong International Centre	Xicheng	2013	645,834
Guoson Centre	Chaoyang	2013	1,521,251
Beijing Fortune Plaza III	Chaoyang	2013	1,614,585
Sino-Ocean Land Jingmian Project	Chaoyang	2013	538,195
2013 Sub Total			**4,319,865**
Raycom Infotech Park Tower B	Haidian	2014	624,306
Wangjing Poly Tower 1	Chaoyang	2014	656,598
Wangjing Poly Tower 2	Chaoyang	2014	335,188
Wangjing Poly Tower 3	Chaoyang	2014	251,660
2014 Sub Total			**1,867,752**
Aether Square	Chaoyang	2015	1,117,788
Green Land Centre 625 Tower A1 to A4	Chaoyang	2015	288,473
Emperor East Chang An Project	Chaoyang	2015	538,195
LSH Development Ph II	Chaoyang	2015	731,945
Huadu Hotel redevelopment scheme	Chaoyang	2015	1,076,390
2015 Sub Total			**3,752,791**
Total			**9,940,408**

Source: Colliers

Information Regarding the Title of Gateway Plaza

The State-owned Land Use Certificate (国有土地使用证) in respect of Gateway Plaza is held in the name of HK Gateway Plaza Company Limited, which is a HK Property Company. It was granted by the Beijing Land Resources Bureau on 26 April 2006. This confers on HK Gateway Plaza Company Limited the right to use the land up to 25 February 2053, provided that:

(i) although there is a basement which is adjacent to Gateway Plaza and connected to Gateway Plaza through a passageway and the land use right of the land on which it is situated is included in the State-owned Land Use Certificate, it is not comprised in the Building Ownership Certificate relating to the Property; and

(ii) the ownership of the civil defence shelter in the basement of Gateway Plaza belongs to the PRC Government and the Building Ownership Certificate does not include the civil defence shelter.

The table below sets out some particulars of the State-owned Land Use Certificate.

State-owned Land Use Certificate No.	Jing Chao Guo Yong (2003 Chu) No. 0075
Issuer	Beijing Land Resources Bureau
Issue Date	26 April 2006
User	HK Gateway Plaza Company Limited
Location	No. 18 Xiaguangli, East 3rd Ring North Road, Chaoyang District
Type of Use Right	Granted
Land Area (sq ft)	190,416
Land Use	Composite and underground car parking spaces
Term of Land Use	Until 25 February 2053

The Building Ownership Certificate for Gateway Plaza is currently in the name of HK Gateway Plaza Company Limited. The table below sets out some particulars of the Building Ownership Certificate.

Building Ownership Certificate No.	Floor Area (sq ft)	Description
Jing Fang Quan Zheng Shi Chao Gang Ao Tai Zi No. 10298	1,404,560.5	From Basement 2 to Floor 25

INSURANCE

MGCCT has insurance for the Properties that the Manager believes are consistent with industry practice in Hong Kong and the PRC. The insurance coverage includes fire accident, property damage, terrorism, business interruption and public liability (including personal injury). There are no significant or unusual excess or deductible payments required under such policies. All insurance contracts undergo a competitive bid process and insurance brokers are retained to identify requirements, create specifications and evaluate bids with a view to determining the most appropriate coverage and pricing.

There are, however, certain types of risks that are not covered by such insurance policies, including acts of war. (See "Risk Factors – Risks Relating to Investing in Real Estate – MGCCT may suffer material losses in excess of insurance proceeds or MGCCT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties" for further details.)

LEGAL PROCEEDINGS

Save as disclosed below, none of MGCCT and the Manager is currently involved in any material litigation nor, to the best of the Manager's knowledge, is in any material litigation currently contemplated or threatened against MGCCT or the Manager.

There is a Pending Appeal in relation to a claim for the return of an alleged loan of RMB210.0 million (that purportedly took place in June 2007), filed by Bestride against HK Gateway which owns Gateway Plaza.

Bestride is the original developer of Gateway Plaza and is controlled by Tin Lik, a PRC national. Bestride sold Gateway Plaza to HK Gateway in 2006. Tin Lik subsequently sold the shares of BVI SPV which held HK Gateway to RREEF CCT in June 2007. RREEF CCT sold BVI SPV to the current vendor, MIC in April 2010.

The Litigation Action was filed in July 2011 and was dismissed by a tribunal of three judges of the Higher Court in a written ruling dated 7 December 2012. Bestride then filed the Pending Appeal on 22 December 2012 to the Supreme People's Court of China, which is the final appellate court.

Bestride has also filed the Bestride Motion in order to secure Bestride's claim against HK Gateway. The Bestride Motion was filed in accordance with the PRC Civil Procedure Law and the Higher Court granted the Bestride Motion on an *ex parte* basis (*i.e.* without providing HK Gateway with an opportunity of being heard) by a tribunal of three judges on 7 July 2011, on the grounds that (i) under Civil Procedure Law of the PRC, the claimant may apply for a property attachment and bank account freezing order over the properties and the bank accounts of the defendant and the court may approve such order at its discretion; and (ii) Bestride offered Hunan Bestride Hotel, which was an affiliate of Bestride, to counter-guarantee the Bestride Motion such that HK Gateway would have the resources to claim its damages as a result of the property attachment and the account freezing should HK Gateway succeed in the defence of the Litigation Action.

According to the ruling dated 7 July 2011 made by the Higher Court with respect to the property attachment and account freezing, HK Gateway is prevented from assigning or creating any encumbrance or security interest over Gateway Plaza and its underlying land use right without written approval of the Higher Court. However, according to Jin Mao Partners, the property attachment order does not affect HK Gateway's title to Gateway Plaza and MGCCT may dispose of Gateway Plaza through a disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd, and the disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd would not contravene the property attachment order or the bank account freezing order, and the approval of the courts is not required for such disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd.

It should be noted that even if Bestride is successful in the Litigation Action, it does not mean that MGCCT will lose its title to Gateway Plaza. The property attachment order is merely security in relation to the Litigation Action to ensure that there are sufficient monies available to pay Bestride in the event that it is successful in its claim. In any event, it should be noted that MGCCT may dispose of Gateway Plaza through a company sale (as indicated above).

Pursuant to the bank account freezing order, HK Gateway cannot use the funds in the frozen bank account up to RMB264,860,000 without the written approval of the Higher Court. According to Jin Mao Partners, there is no impediment to repatriation of rental proceeds if the claim amount of RMB264,860,000 has been set aside in the frozen bank account on the basis that the Higher Court ruling of 7 July 2011 granting the Bestride Motion and the notice for assisting account freezing issued by the court to the relevant bank expressly stated that the frozen amount should be RMB264,860,000. The funds over and above this frozen amount can therefore be used by HK Gateway. Notwithstanding the foregoing, there is no certainty that the repatriation of rental proceeds would not be affected if Bestride takes other courses of action.

The property attachment order and the bank account freezing order remain valid due to the filing of the Pending Appeal. However, HK Gateway is taking steps to remove the property attachment order by filing an application on 4 January 2013 to the Higher Court through its lawyers to request to substitute the property attachment order with a cash security deposit.

In the event that HK Gateway is unable to remove the property attachment order, HK Gateway's title to Gateway Plaza will not be affected as explained above but it will not be allowed to assign, or create any encumbrance or security interest over, Gateway Plaza and its underlying land use right without the written approval of the Higher Court.

The Litigation Action will be determined when there is a final and binding judgment or ruling issued by the relevant competent court of PRC. If Bestride is successful in its claim, MGCCT will be required to pay the amount of RMB210.0 million plus accrued interest.

Pending the receipt of a final and binding judgment or ruling issued by a competent court of the PRC with respect to the Litigation Action, the Pending Appeal and the lifting of the bank account freezing order, HK Gateway shall hold the sum of RMB264,860,000 currently deposited into the frozen account in trust for MIC. If HK Gateway is successful in the Litigation Action and the Pending Appeal, HK Gateway shall pay the said sum to MIC. Should the Litigation Action and the Pending Appeal be resolved in Bestride's favour instead, HK Gateway shall pay the said sum of RMB264,860,000 from the frozen account to the claimant in accordance with the directions set out in the final and binding judgment or ruling and MIC shall have no claim whatsoever against HK Gateway in respect of the same. In addition, prior to the acquisition of Gateway Plaza by RREEF CCT (which subsequently sold Gateway Plaza to MIC, which is 43.2% held by the Sponsor and the current vendor of Gateway Plaza), HK Gateway registered a Beijing Representative Office. However, control of the Representative Office was not handed over to RREEF CCT and an announcement was made in a public media dated 25 June 2009. With the dismissal of the Litigation Action on 7 December 2012, MIC is also taking steps to strike off the Beijing Representative Office.

It should also be noted that:

- the sale and purchase agreement in relation to the sale of the shares of BVI SPV to RREEF CCT contained a clear statement that the vendor of the shares of BVI SPV, being Tin Lik, was obliged to settle all intercompany debts between Bestride and HK Gateway prior to the completion of the transfer, save for an external loan of US$235 million then outstanding and payable by HK Gateway to a bank (which does not cover the alleged loan of RMB210 million from Bestride to HK Gateway);

- there is also no evidence of any loan given by Bestride to HK Gateway in the audited accounts prepared by HK Gateway's auditors;

- the Litigation Action was dismissed by the Higher Court; and

- the vendor of Gateway Plaza (being MIC) has in the Beijing Gateway Share Purchase Agreement provided MGCCT with an indemnity against any losses that may be suffered by MGCCT as a result of the Litigation Action and in relation to the Beijing Representative Office subject to MIC's liability under the Beijing Gateway Share Purchase Agreement being limited to 10% of the Beijing Gateway Consideration.

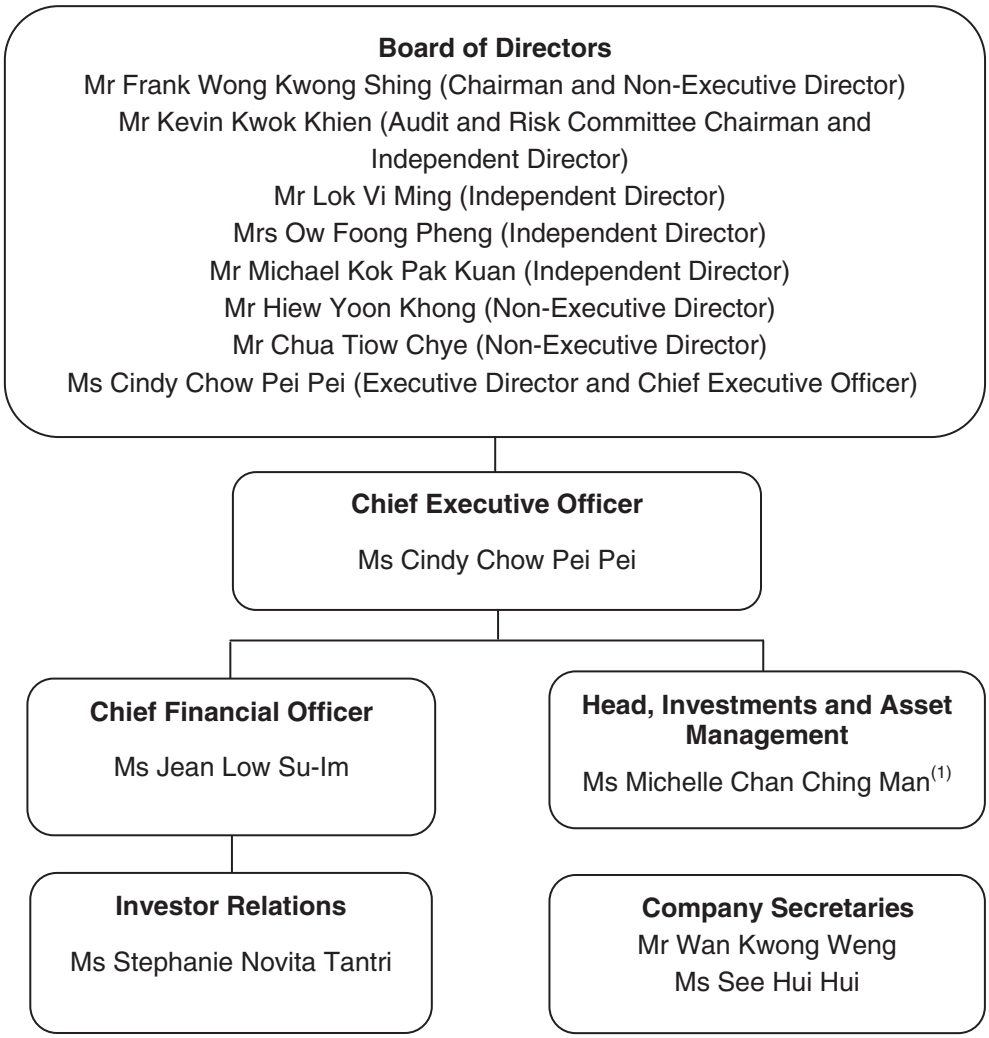
THE MANAGER AND CORPORATE GOVERNANCE

THE MANAGER OF MGCCT

The Manager, Mapletree Greater China Commercial Trust Management Ltd., was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") on 30 November 2012. It has a paid-up capital of S$1,000,000. Its registered office is 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438, and its telephone number is +65 6377 6111. The Manager is a wholly-owned subsidiary of Mapletree Capital Management Pte. Ltd., which in turn is a wholly-owned subsidiary of the Sponsor.

The Manager has been issued a CMS Licence pursuant to the SFA on 22 February 2013.

Management Reporting Structure



Note:

(1) Based in Hong Kong and in the Sponsor's office.

Board of Directors of the Manager

The board of directors of the Manager (the "**Board**") is entrusted with the responsibility for the overall management of the Manager. The following table sets forth certain information regarding the directors of the Manager:

Name	Age	Address	Position
Mr Frank Wong Kwong Shing	65	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Chairman and Non-Executive Director
Mr Kevin Kwok Khien	57	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Audit and Risk Committee Chairman and Independent Director
Mr Lok Vi Ming	51	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Independent Director
Mrs Ow Foong Pheng	49	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Independent Director
Mr Michael Kok Pak Kuan	61	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Independent Director
Mr Hiew Yoon Khong	51	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Non-Executive Director
Mr Chua Tiow Chye	53	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Non-Executive Director
Ms Cindy Chow Pei Pei	43	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Executive Director and Chief Executive Officer

Each of the directors of the Manager has served as a director of a public-listed company and/or manager of a public-listed REIT, save for Ms Cindy Chow Pei Pei, for whom appropriate arrangements have been made to orientate her in acting as a director of a manager of a public-listed REIT. The Board collectively has the appropriate experience to act as the directors of the Manager and is familiar with the rules and responsibilities of a director of a public-listed company and/or manager of a public-listed REIT.

None of the directors of the Manager are related to one another, any substantial shareholder of the Manager or any Substantial Unitholder (as defined herein).

None of the independent directors of the Board sits on the boards of the principal subsidiaries of MGCCT that are based in jurisdictions other than in Singapore. Each of the Independent Directors of the Manager confirms that they are able to devote sufficient time to discharge their duties as an Independent Director of the Manager.

Experience and Expertise of the Board of Directors of the Manager

Information on the business and working experience of the directors of the Manager is set out below:

Mr Frank Wong Kwong Shing is the Chairman and a Non-Executive Director of the Manager.

Mr Wong is currently a Non-Executive Director and a member of the Investment Committee of the Sponsor. He is an Independent Non-Executive Director of Industrial and Commercial Bank of China Limited, one of the largest banking institutions in the world. He is also an Independent Non-Executive Director and a member of the Audit Committee, Remuneration Committee and Nomination Committee of China Mobile Limited which is listed on both the New York Stock Exchange and Hong Kong Stock Exchange. In addition, Mr Wong is an Independent Non-Executive Director of PSA International Pte Ltd.

From 1999 until his retirement in 2008, Mr Wong had served as Vice Chairman of DBS Bank Ltd., Director and Chief Operating Officer of DBS Bank Ltd. and DBS Group Holdings Ltd and concurrently an Executive Director of DBS Group Holdings Ltd, Chairman of DBS Bank (China) Limited and Chairman of DBS Bank (Hong Kong) Limited.

Prior to joining DBS Bank Ltd., Mr Wong held a series of progressively senior positions with regional responsibilities at Citibank, JP Morgan and Natwest. Mr Wong also assumed various positions with the Hong Kong Government including the positions of Chairman of The Hong Kong Futures Exchange Limited, Chairman of the Leveraged Foreign Exchange Trading Ordinance Arbitration Panel and member of the Foreign Exchange and Money Market Practices Committee of Hong Kong Association of Banks. In addition, he was an Independent Non-Executive Director of the National Healthcare Group Pte Ltd under Singapore's Ministry of Health.

Mr Kevin Kwok Khien is the Audit and Risk Committee Chairman and an Independent Director of the Manager.

Mr Kwok is currently a Non-Executive and Independent Director of the Singapore Exchange Ltd and a Director and Chairman of the Audit Committee of NTUC Eldercare Co-operative Ltd. He is also a Director of NTUC Income Insurance Co-operative Limited and a Director and Council Member of the Singapore Institute of Directors.

Mr Kwok was formerly a Senior Partner of Ernst & Young LLP where he retired recently after 35 years of service with the firm. He headed up the firm's Assurance Services in Singapore and ASEAN. He has been active within the Institute of Certified Public Accountants Singapore for many years in the Institute's Financial Statements Review Committee, Disciplinary Committee, the Accounting Standards Committee and the Accreditations Committee. Mr Kwok was a member of the Audit Committee Guidance Committee which was formed under the auspices of the Monetary Authority of Singapore, Singapore Exchange and the Accounting and Corporate Regulatory Authority of Singapore. Mr Kwok also served as a Director and Chairman of the Audit Committee of The Esplanade Co. Ltd.

Mr Kwok holds a Bachelor of Arts (Second Class Upper Honours, with dual honours in Economics and Accounting & Financial Management) from the University of Sheffield (UK). Mr Kwok is a Fellow of the Institute of Certified Public Accountants of Singapore. He qualified as a Chartered Accountant and is a member of the Institute of Chartered Accountants in England and Wales, and the Malaysian Institute of Accountants and a Fellow of the Malaysian Institute of Taxation. He is also a Fellow of the Singapore Institute of Directors.

Mr Lok Vi Ming, Senior Counsel is an Independent Director of the Manager.

Mr Lok has been with Rodyk & Davidson LLP for the last 25 years of his career. He is currently a partner in the firm's Litigation & Arbitration Practice Group, and heads the firm's Aviation Practice. He has been President of The Law Society of Singapore since 1 January 2013.

A Fellow of the Singapore Institute of Arbitrators, Mr Lok has been appointed to the Regional Panel of Arbitrators with the Singapore International Arbitration Centre and the Panel of Arbitration of the Kuala Lumpur Regional Centre for Arbitration. He is also a Fellow of the Singapore Academy of Law and is on the committee for the International Promotion of Singapore Law. In addition, Mr Lok is a past chairman of the Aerospace Committee of the Inter Pacific Bar Association and is on the International Advisory Panel of the Registry of Aircraft Parts established under the Cape Town Convention.

Mr Lok holds a Bachelor of Law degree from the National University of Singapore. He has consistently been named in recent consecutive editions of the International Who's Who of Aviation Lawyers. He is also featured in Euromoney Legal Media's Guide to the World's Leading Aviation Lawyers 2011.

Mrs Ow Foong Pheng is an Independent Director of the Manager.

Mrs Ow is currently the Permanent Secretary of the Singapore Ministry of Trade and Industry. She started her career in the Administrative Service, in the Ministry of Education and subsequently served in several ministries including National Development, Finance and Defence. In 2001, Mrs Ow was appointed Deputy Secretary, Ministry of Home Affairs and in 2004, she was appointed Deputy Secretary, Ministry of Manpower. In 2006, she was appointed Chief Executive Officer, Jurong Town Corporation, Singapore's principal developer of industrial estate and related facilities.

Mrs Ow is also a director of DBS Bank Ltd. and DBS Group Holdings Ltd.

Mrs Ow graduated with a Bachelor of Arts (Honours) degree in Political Science, Philosophy and Economics from Oxford University. An Overseas Merit Scholar, she also holds a Master of Science in Management from Stanford University.

Mr Michael Kok Pak Kuan is an Independent Director of the Manager.

Mr Kok is currently an adviser to, and non-executive director of, Dairy Farm International Holdings Limited, a leading retailer in Asia listed on the London Stock Exchange and the SGX-ST and a member of the Jardine Matheson Group. Prior to his retirement in December 2012, he was an Executive Director and its Group Chief Executive from April 2007, and was responsible for over 5,400 outlets in the region, operating under various well-known brands in the area of supermarkets (Wellcome in Hong Kong and Taiwan, Jasons Marketplace in Singapore, Cold Storage in Singapore and Malaysia), hypermarkets (Giant in Singapore, Malaysia, Indonesia and Vietnam), health and beauty stores (Mannings in Hong Kong, Southern China and Macau, Guardian in Singapore, Malaysia and Indonesia), convenience stores (7-Eleven in Singapore, Hong Kong and Macau) and home furnishings stores (IKEA in Hong Kong and Taiwan). Under his watch, Dairy Farm employed over 85,000 people and annual sales grew from US$6.8 billion in 2007 to over US$10 billion in 2011.

Mr Kok joined Dairy Farm in 1987, and has over 30 years' experience in retailing in Asia. He also resided in Hong Kong from 2007 to 2012. He is a member of the UK Chartered Institute of Marketing, and attended the Senior Executive Programme at London Business School and the Advanced Management Program at Harvard Business School.

Mr Hiew Yoon Khong is a Non-Executive Director of the Manager.

Mr Hiew is currently the Executive Director and Group Chief Executive Officer of the Sponsor since 2003. Over the last nine years, Mr Hiew led Mapletree Group from a Singapore-centric asset-owning real estate company worth S$2.3 billion, into a fast-growing regional company with a total owned and managed asset base in excess of S$19 billion and shareholder's fund of S$6.05 billion.

In addition, he is a Director of Mapletree Logistics Trust Management Ltd. (the manager of Mapletree Logistics Trust), of Mapletree Industrial Trust Management Ltd. (the manager of Mapletree Industrial Trust) and of Mapletree Commercial Trust Management Ltd. (the manager of Mapletree Commercial Trust). He is also a member of the Board of Trustees of the National University of Singapore.

From 2003 to 2011, Mr Hiew was concurrently Senior Managing Director (Special Projects) in Temasek Holdings. From 1996 to 2003, Mr Hiew held various senior positions in the CapitaLand group of companies, including the positions of Chief Financial Officer of the CapitaLand group and Chief Executive Officer of CapitaLand Commercial Ltd and CapitaLand Financial Ltd. Prior to joining the CapitaLand group, he held various positions in the areas of corporate finance, management consultancy and project financing over a 10-year period.

Mr Hiew holds a Master of Arts degree in Economics from the University of Warwick as well as a Bachelor of Arts degree in Economics from the University of Portsmouth.

Mr Chua Tiow Chye is a Non-Executive Director of the Manager.

Mr Chua is currently the Group Chief Investment Officer and the Regional Chief Executive Officer, North Asia of the Sponsor. He has oversight over the Sponsor's investment activities and processes and directly spearheads the development of new markets in North Asia which include South Korea, Hong Kong and Japan. For the period between 28 July 2005 (being the date of listing of Mapletree Logistics Trust on the Main Board of the SGX-ST) and 30 April 2010, Mr Chua also served as the Chief Executive Officer of Mapletree Logistics Trust Management Ltd. ("**MLTM**"), the manager of Mapletree Logistics Trust. He is currently a Non-Executive Director of MLTM.

Mr Chua has over 28 years of experience in the real estate sector in Asia. Prior to joining the Sponsor in October 2002, he was the Managing Director of Vision Century Corporation Ltd, listed on the Hong Kong Stock Exchange where he was involved in business parks management and development, residential and commercial property development as well as information technology, e-infrastructure and educational services in Hong Kong and China. Preceding that, he was with Ascendas Pte Ltd and its predecessor, JTC International Pte Ltd, from 1993 to 2001, where his last position was Executive Vice President. His responsibilities included overseeing and managing the company's industrial and business park developments and investments across the Asia-Pacific region which include China, India, Thailand, Indonesia and the Philippines.

Mr Chua's earlier appointments include Senior Manager at Singapore Food Industries Pte Ltd, Assistant Vice President for Malaysian Loans and Credit at United Overseas Bank Limited and an Executive Planner at the Planning Department of the Ministry of National Development.

Mr Chua holds a Master of Business Administration degree from the University of Strathclyde, United Kingdom and a Bachelor of Regional and Town Planning (First Class Honours) degree from the University of Queensland, Australia under a Colombo Plan scholarship.

Ms Cindy Chow Pei Pei is both an Executive Director and the Chief Executive Officer of the Manager.

Ms Chow has 16 years of investment experience in the region, including Singapore, China, Hong Kong, India, Vietnam and Thailand.

Prior to joining the Manager, Ms Chow was Chief Executive Officer, India with the Sponsor. She was instrumental in establishing Mapletree Group's business in India since 2007. After setting up Mapletree's India offices, Ms Chow continued to spearhead Mapletree's operations and business expansion in India. In 2011, Ms Chow led Mapletree's India team to make Mapletree Group's first investment in India – an information technology office park featuring a fully leased office building on a 5.3 hectare piece of land in Bangalore, India with further development of about 145,000 sq m of office space.

Ms Chow joined the Sponsor in 2002 as Manager (Business Development). Ms Chow was one of the key members in executing the listing of MLT on the Main Board of the SGX-ST in July 2005. Ms Chow was then the Head of Investment of MLTM (the manager of MLT), leading MLTM's investment team and was responsible for sourcing, identifying and evaluating potential acquisitions in the region, as well as recommending and analysing potential asset enhancement initiatives, with a view to enhancing MLT's portfolio. In this capacity, she was the key driver in originating MLT's businesses in Hong Kong, including undertaking the acquisitions of the initial Hong Kong assets in MLT's portfolio.

Prior to joining the Sponsor, between 2001 and 2002, Ms Chow was based in Hong Kong as a Senior Manager (Business Development) with Vision Century Corporation Ltd, listed on the Hong Kong Stock Exchange, to develop and acquire IT, business and office park projects in China. From 1997 to 2001, Ms Chow was a Manager of Business Development with Ascendas Pte Ltd (previously JTC International Pte Ltd) where she conducted financial and project appraisal of investment and development opportunities for industrial and business park projects in the region.

Ms Chow first worked as a Centre Manager from 1992 to 1993, and as Marketing Executive involved in marketing and investment work from 1994 to 1996 with Pidemco Land Limited and then as an investment analyst with Peregrine Securities (Singapore) Pte Ltd from 1996 to 1997.

Ms Chow holds a Master of Science in Real Estate and a Bachelor of Science (Estate Management) (Second Upper Class Honours) from the National University of Singapore.

List of Present and Past Principal Directorships of Directors

A list of the present and past directorships of each director of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix J, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Role of the Board

The key roles of the Board are to:

- guide the corporate strategy and directions of the Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and
- oversee the proper conduct of the Manager.

The Board comprises eight directors. The audit and risk committee of the Board (the "**Audit and Risk Committee**") comprises Mr Kevin Kwok Khien, Mr Lok Vi Ming and Mr Michael Kok Pak Kuan. Mr Kevin Kwok Khien will assume the position of Chairman of the Audit and Risk Committee.

The Board shall meet to review the key activities and business strategies of the Manager. The Board intends to meet regularly, at least once every quarter, to deliberate the strategies of MGCCT, including acquisitions and divestments, funding and hedging activities, approval of the annual budget and review of the performance of MGCCT. The Board or the relevant board committee will also review MGCCT's key financial risk areas and the outcome of such reviews will be disclosed in the annual report or where the findings are material, immediately announced via SGXNET.

Each director of the Manager has been appointed on the basis of his professional experience and ability to contribute to the proper guidance of MGCCT.

The Board will have in place a set of internal controls which sets out approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Taking into account the fact that MGCCT is constituted only on 14 February 2013 and will only acquire its portfolio on the Listing Date, the Board, in concurrence with the Audit and Risk Committee, and taking into consideration the Sponsor's internal group controls and risk management framework, are of the opinion that the internal controls as are further described in:

- "The Manager and Corporate Governance – The Manager of MGCCT – Board of Directors of the Manager – Role of the Board of Directors";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Board of Directors of the Manager";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Audit and Risk Committee";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Compliance Officer";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Dealings in Units";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Management of Business Risk";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Potential Conflicts of Interest";
- "The Manager and Corporate Governance – Related Party Transactions – The Manager's Internal Control System";

- "The Manager and Corporate Governance – Related Party Transactions – Role of the Audit and Risk Committee for Related Party Transactions";
- "The Manager and Corporate Governance – Related Party Transactions – Related Party Transactions in Connection with the Setting Up of MGCCT and the Offering";
- "The Manager and Corporate Governance – Related Party Transactions – Exempted Agreements"; and
- "The Manager and Corporate Governance – Related Party Transactions – Future Related Party Transactions",

will be adequate in addressing financial, operational and compliance risks faced by MGCCT.

The members of the Audit and Risk Committee will monitor changes to regulations and accounting standards closely. To keep pace with regulatory changes, where these changes have an important bearing on the Manager's or its directors' disclosure obligations, the directors of the Manager will be briefed either during Board meetings or at specially convened sessions involving relevant professionals.

Management will also provide the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

At least one-third of the directors of the Manager are non-executive and independent. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman and the Chief Executive Officer, provide a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance. The Chairman of the Board is Mr Frank Wong Kwong Shing, while the Chief Executive Officer is Ms Cindy Chow Pei Pei.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer of the Manager. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager.

The Board has separate and independent access to senior management and the company secretary(s) at all times. The company secretary(s) attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate and when requested.

Executive Officers of the Manager

The executive officers of the Manager are entrusted with the responsibility for the daily operations of the Manager. The following table sets forth information regarding the executive officers of the Manager:

Name	Address	Position
Ms Cindy Chow Pei Pei	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Executive Director and Chief Executive Officer
Ms Jean Low Su-Im	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Chief Financial Officer
Ms Michelle Chan Ching Man	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Head, Investments and Asset Management
Ms Stephanie Novita Tantri	c/o 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438	Head of Investor Relations

Experience and Expertise of the Executive Officers of the Manager

Information on the working experience of the executive officers of the Manager is set out below:

Ms Cindy Chow Pei Pei is both an Executive Director and the Chief Executive Officer of the Manager. Details of her working experience are set out in the section "The Manager and Corporate Governance – The Manager of MGCCT – Board of Directors of the Manager – Experience and Expertise of the Board of Directors of the Manager".

Ms Jean Low Su-Im is the Chief Financial Officer of the Manager.

Ms Low has a total of 21 years of experience in the area of auditing, consultancy, risk management and performance measurement.

Prior to joining the Manager, Ms Low was the Head of Risk Management and Performance Measurement with the Sponsor since 2006 where she was responsible for overseeing management and monitoring of Mapletree Group's portfolio risk as well as the development of Mapletree's internal performance measurement framework. She played a key role in developing Mapletree Group's comprehensive risk framework from the ground up which included identification, quantification and reporting of portfolio risk to the board of directors and audit and risk committee of the Sponsor on a quarterly basis. She was also closely involved in the evaluation of acquisitions made for Mapletree Group, conducting independent risk reviews and reporting directly to the investment committee and board of directors of the Sponsor. She also oversaw the setting up of Mapletree Group's internal hurdle rates for investments. Her responsibilities also extended to the listed REITs sponsored by the Sponsor where she reported quarterly to the audit and risk committees and boards of directors of Mapletree Commercial Trust Management Ltd. (the manager of MCT), Mapletree Industrial Trust Management Ltd. (the manager of MIT) and Mapletree Logistics Trust Management Ltd. (the manager of MLT). She was also responsible for Mapletree Group's performance measurement framework which is based on creation of shareholder value that is aligned with Mapletree Group's incentive framework.

Prior to joining the Sponsor in 2006, Ms Low was an Associate Director of Marketing and Communications for PricewaterhouseCoopers LLP, Singapore between 2002 and 2005 where she headed a change management project to integrate the marketing teams at Coopers & Lybrand and Pricewaterhouse post-merger. She also worked closely with partners to formulate business development strategies and build the partnership's marketing capabilities. Ms Low also had extensive experience working as Head of Business Development with Prepay Technologies, LLC in the United Kingdom from 2000 to 2002 and Europe as Vice President at Stern Stewart (UK) from 1998 to 2000 where she was in charge of large multinational projects aligning company strategy, measurement and incentives with shareholder value. Ms Low obtained her chartered accountant qualification while working for KPMG, London between 1991 and 1995 and was responsible for the audit of large multinationals. Ms Low was also involved in due diligence investigations on behalf of her key clients.

Ms Low holds a Master of Business Administration from the London Business School and a Bachelor of Science in Economics from the London School of Economics. She is also a Fellow of the Institute of Chartered Accountants in England and Wales.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the Audit and Risk Committee to cause them to believe that Ms Low does not have the competence, character and integrity expected of a Chief Financial Officer of the Manager. The Audit and Risk Committee considers that Ms Low's chartered accountant qualification and auditing background with KPMG, London coupled with her extensive experience in risk management and business development makes her a suitable candidate to be Chief Financial Officer of the REIT Manager. In addition, as Head of Risk Management of the Sponsor, Ms Low reported directly to the Audit and Risk committee of the Sponsor as well as that of the REIT managers for Mapletree Logistics Trust Management Ltd., Mapletree Industrial Trust Management Ltd. and Mapletree Commercial Trust Management Ltd. on a quarterly basis on the portfolio risks for Mapletree Group and for each of Mapletree Logistics Trust, Mapletree Industrial Trust and Mapletree Commercial Trust. On this basis, the Audit and Risk Committee is of the opinion that Ms Low is suitable as the Chief Financial Officer.

Ms Michelle Chan Ching Man is the Head, Investments and Asset Management of the Manager.

Ms Chan has a total of 10 years of experience in the real estate business, focusing on investment, valuation and asset management work.

Prior to joining the Manager, Ms Chan was Head of Investment, leading the Sponsor's Hong Kong commercial team in sourcing, evaluating and acquiring commercial assets in Hong Kong. Ms Chan played a key role in Mapletree's acquisition of Festival Walk from Swire Properties Limited in August 2011 where she was part of the team which undertook the acquisition process from evaluation, financial modelling, due diligence, negotiation, documentation to handover of the property. After the acquisition, Ms Chan continued to asset manage and supervise the operations of the mall to ensure a smooth integration of the systems and staff.

Ms Chan joined the Sponsor in 2007 as Investment Manager, and subsequently Senior Investment Manager, for Mapletree India China Fund Ltd. based in Hong Kong/Guangzhou, China where she contributed to the establishment of a strong pipeline of acquisition opportunities in China for the fund. In 2009, Ms Chan led a team to successfully structure and acquired a mixed-use development project involving a residential development of 2,883 apartments and a four-storey retail mall with a total project cost of US$351 million in Foshan in southern China. Ms Chan also supervised the initial operations of the development project post-acquisition.

Prior to joining the Sponsor, Ms Chan was an Associate Director (Investment) in DTZ Debenham Tie Leung Limited between 2006 and 2007 and had successfully facilitated transactions for institutional investors in China. Before this, Ms Chan was the Senior Manager for DTZ (Valuation

and Advisory) from 2002 to 2006 where she conducted valuation and provided advisory services to banks, developers, property funds and listed companies with respect to real estate acquisitions in Hong Kong and China.

Ms Chan holds a Bachelor of Science in Surveying from the University of Hong Kong. She is also a Registered Professional Surveyor (RPS) in General Practice Division and a Member of the Hong Kong Institute of Surveyors (MHKIS).

Ms Stephanie Novita Tantri is the Head of Investor Relations of the Manager.

Ms Tantri has a total of seven years of experience in real estate finance, investment and portfolio management work.

Prior to joining the Manager, Ms Tantri was Senior Manager, Portfolio Management with the Sponsor where she was responsible for portfolio management for the Sponsor's private real estate fund, Mapletree India China Fund Ltd., as well as the privately held Hong Kong and Japan portfolio. Ms Tantri also evaluated investment opportunities in new markets such as South Korea for the North Asia business unit of Mapletree. Ms Tantri was also part of the team which undertook the acquisition process from evaluation, financial modelling, due diligence, negotiation, documentation to handover of the property for Mapletree's acquisition of Festival Walk from Swire Properties Limited in August 2011.

Ms Tantri started her career with the Sponsor in 2006 and has held various positions within Mapletree Group. Her earlier appointments include a role with the corporate finance team of the Logistics business unit of Mapletree where she undertook capital management and risk exposure analysis activities. During her time with the Risk Management team of the Sponsor, Ms Tantri was involved in implementing enterprise risk management and had conducted independent risk review on proposed acquisitions in Singapore, China, Malaysia and Vietnam for Mapletree Group.

Ms Tantri graduated magna cum laude with double Bachelor degrees in Economics and in Business Management from the Singapore Management University on a Foreign Students Endowed scholarship.

List of Present and Past Principal Directorships of Executive Officers

A list of the present and past directorships of each executive officer of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix J, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Roles of the Executive Officers of the Manager

The **Chief Executive Officer** of the Manager will work with the Board to determine the strategy for MGCCT. The Chief Executive Officer will also work with the other members of the management team to ensure that MGCCT operates in accordance with the Manager's stated investment strategy. Additionally, the Chief Executive Officer will be responsible for planning the future strategic development of MGCCT. The Chief Executive Officer is also responsible for strategic planning, the overall day-to-day management and operations of MGCCT and working with the Manager's investment, asset management, financial and legal and compliance personnel in meeting the strategic, investment and operational objectives of MGCCT.

The **Chief Financial Officer** of the Manager will work with the Chief Executive Officer and the other members of the management team to formulate strategic plans for MGCCT in accordance with the Manager's stated investment strategy. The Chief Financial Officer will be responsible for

applying the appropriate capital management strategy, including tax and treasury matters, as well as finance and accounting matters, overseeing implementation of MGCCT's short and medium-term business plans, fund management activities and financial condition.

The **Head, Investments and Asset Management** is in charge of both the investment team and asset management team of the Manager.

The investment team of the Manager is responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhancing MGCCT's portfolio, or divestments where a property is no longer strategic, fails to enhance the value of MGCCT's portfolio or fails to be yield accretive. In order to support these various initiatives, the investment team develops financial models to test the financial impact of different courses of action.

The asset management team of the Manager is responsible for formulating the business plans in relation to MGCCT's properties with short, medium and long-term objectives, and with a view to maximising the rental income of MGCCT. The Head, Investments and Asset Management will ensure that the asset managers work closely with the Property Manager to implement MGCCT's strategies to maximise the income generation potential and minimise the expense base of the properties without compromising their marketability. The asset management team led by the Head, Investments and Asset Management focuses on the operations of MGCCT's properties, the implementation of the short to medium-term objectives of MGCCT's portfolio and supervise the Property Manager in the implementation of MGCCT's property-related strategies including analysing and recommending asset enhancement initiatives.

The **Head of Investor Relations** is responsible for facilitating communications and liaison with the Unitholders. This includes producing annual reports to the Unitholders and ensuring compliance by MGCCT with the reporting requirements under the Listing Manual and the law. The Head of Investor Relations will be responsible for maintaining continuous disclosure and transparent communications with the Unitholders and the market.

Roles and Responsibilities of the Manager

The Manager has general powers of management over the assets of MGCCT. The Manager's main responsibility is to manage MGCCT's assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction of MGCCT and give recommendations to the Trustee on the acquisition, divestment and/or enhancement of assets of MGCCT in accordance with its stated investment strategy.

The Manager has covenanted in the Trust Deed, among others, that:

- it will use its best endeavours carry on and conduct its business in a proper and efficient manner;
- it will use its best endeavours ensure that MGCCT is carried on and conducted in a proper and efficient manner; and
- it will, and will use its best endeavours to ensure that its Related Parties will, conduct all transactions with or for MGCCT on an arm's length basis and on normal commercial terms.

The Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on Gross Revenue, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of MGCCT's properties.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the Property Funds Appendix, the Singapore Code on Take-overs and Mergers, the Trust Deed, the CMS Licence, any tax ruling and all relevant contracts. The Manager will be responsible for all regular communications with Unitholders.

The Manager may require the Trustee to borrow on behalf of MGCCT (upon such terms and conditions as the Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Manager considers, among others, that such borrowings are necessary or desirable in order to enable MGCCT to meet any liabilities or to finance the acquisition of any property. However, the Manager must not direct the Trustee to incur a borrowing if to do so would mean that MGCCT's total borrowings and deferred payments will exceed the limit stipulated by the MAS based on the value of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

In the absence of fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager.

The Manager may, in managing MGCCT and in carrying out and performing its duties and obligations under the Trust Deed, with the written consent of the Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided always that the Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

Manager's Management Fees

The Manager is entitled under the Trust Deed to the following management fees:

- a Base Fee at the rate of 10.0% per annum of the Distributable Income; and
- a Performance Fee equal to the rate of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such financial year may be less than the DPU in any preceding financial year. [1]

For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income of MGCCT arising from the operations of MGCCT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the authorised investments of MGCCT but shall exclude any one-off income of MGCCT such as any income

1 As an illustration, if the DPU is 5.20 cents in Year 1, 5.10 cents in Year 2 and 5.15 cents in Year 3, Performance Fee is payable in relation to Year 3 as the DPU for Year 3 exceeds Year 2, notwithstanding that the DPU for Year 3 is less than the DPU for Year 1.

arising from any sale or disposal of (i) any Real Estate (whether directly or indirectly through one or more SPVs) or any part thereof, and (ii) any investments forming part of the Deposited Property or any part thereof. [1]

For the Projection Year 13/14, the difference in DPU shall be the difference in actual DPU in such financial year with the projected DPU as set out in the Profit Forecast and Profit Projection.

No Performance Fee is payable for the Forecast Period 12/13.

The Manager may elect to receive the Base Fee and Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). For the Forecast Period 12/13, Projection Year 13/14 and the Projection Year 14/15, the Manager has elected to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units.

Any increase in the rate or any change in the structure of the Manager's Management Fees must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed. For the avoidance of doubt, the Manager's change in its election to receive cash or Units or a combination of cash and Units is not considered as a change in structure of the Manager's Management Fees.

The Manager is also entitled to:

- an acquisition fee equivalent to 0.75% for acquisitions from Related Parties and 1.0% for all other acquisitions of each of the following as is applicable (subject to there being no double-counting):

  – in relation to an acquisition (whether directly or indirectly through one or more SPVs of MGCCT) of any real estate, the acquisition price of any real estate purchased by MGCCT, plus any other payments [2] in addition to the acquisition price made by MGCCT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of MGCCT's interest);

  – in relation to an acquisition (whether directly or indirectly through one or more SPVs of MGCCT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any vehicle holding directly or indirectly the real estate purchased by MGCCT, plus any other payments[2] made by MGCCT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of MGCCT's interest); or

  – the acquisition price of any investment by MGCCT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate; and

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1 The rationale for computing the DPU in the manner described above is to ensure that the measure of the Manager's performance is based on the recurring income of MGCCT arising from the operations as opposed to one-off income such as a sale or disposal of assets which may skew the DPU in a relevant financial year.

2 "**Other payments**" refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

- a divestment fee equivalent to 0.5% of each of the following as is applicable (subject to there being no double-counting):

  – the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by MGCCT (plus any other payments[1] in addition to the sale price received by MGCCT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of MGCCT's interest);

  – in relation to a divestment (whether directly or indirectly through one or more SPVs of MGCCT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by MGCCT, plus any other payments[1] received by MGCCT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of MGCCT's interest); or

  – the sale price of any investment by MGCCT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPVs owning or acquiring real estate.

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion.

For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion.

No acquisition fee is payable for the acquisition of the Properties. In accordance with the Code on Collective Investment Schemes issued by the MAS (the "**CIS Code**"), where the Manager receives a percentage-based fee when MGCCT acquires real estate from an interested party, or disposes of real estate to an interested party, the acquisition or, as the case may be, the divestment fee should be in the form of Units issued at prevailing market prices, such Units not to be sold within one year from the date of issuance.

Any payment to third party agents[2] or brokers in connection with the acquisition or divestment of any real estate of MGCCT shall be paid by the Manager to such persons out of the Deposited Property of MGCCT or the assets of the relevant SPV, and not out of the acquisition fee or the divestment fee received or to be received by the Manager.

The acquisition fee and divestment fee are payable to the Manager in the form of cash and/or Units (as the Manager may elect) at the then prevailing market price provided that in respect of any acquisition and sale or divestment of real estate assets from/to interested parties, such a fee should be in the form of Units issued by MGCCT at prevailing market price(s).

Any increase in the maximum permitted level of the Manager's acquisition fee or divestment fee must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

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1 "**Other payments**" refer to additional payments to MGCCT or its SPVs for the sale of the asset, for example, where MGCCT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 These third party agents or brokers could be property agents who are engaged for the purpose of acquiring assets or auctioneers (where assets are to be acquired through auction sales).

Retirement or Removal of the Manager

The Manager shall have the power to retire in favour of a corporation approved by the Trustee to act as the manager of MGCCT.

Also, the Manager may be removed by notice given in writing by the Trustee if:

- the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the Manager;

- the Manager ceases to carry on business;

- the Manager fails or neglects after reasonable notice from the Trustee to carry out or satisfy any material obligation imposed on the Manager by the Trust Deed;

- the Unitholders by an Ordinary Resolution (as defined herein) duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, with no Unitholder (including the Manager and its Related Parties) being disenfranchised, vote to remove the Manager;

- for good and sufficient reason, the Trustee is of the opinion, and so states in writing, that a change of the Manager is desirable in the interests of the Unitholders; or

- the MAS directs the Trustee to remove the Manager.

Where the Manager is removed on the basis that a change of the Manager is desirable in the interests of the Unitholders, the Manager has a right under the Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the Manager, the Trustee and all Unitholders.

THE PROPERTY MANAGER

Mapletree Greater China Property Management Limited has been appointed as property manager of the Properties. The Property Manager is a wholly-owned subsidiary of the Sponsor, and was incorporated in Hong Kong on 13 December 2012. Its registered office is located at Suites 2001-2, 20/F Great Eagle Centre 23 Harbour Road, Wanchai, Hong Kong.

The Property Manager has not been appointed as property manager of any other properties or property funds as at the Latest Practicable Date.

The Property Manager will work with the Manager to formulate strategic plans for MGCCT in accordance with the Manager's stated investment strategy. The Property Manager will be responsible for implementing best practices in the portfolio management aspects across the IPO Portfolio.

Experience and Expertise of the Directors of the Property Manager

Information on the working experience of each director of the Property Manager and the General Manager of Festival Walk is set out below:

Mr Tan Wee Seng is concurrently Head, Regional Development Management of the Sponsor and has over 20 years of experience in design, project management and construction across the industrial, logistics, pharmaceutical, telecommunication, institutional and commercial sectors spanning various countries in Asia including China, Malaysia as well as the United States of America, Ireland and Nigeria.

As Head, Regional Development Management of the Sponsor, Mr Tan oversees the delivery of all development projects including asset enhancement initiatives undertaken within Mapletree Group across all business units and countries excluding China and Japan. He is the key driver in the on-going development of Saigon South Place Complex, a 4.4-hectare integrated mixed-use development comprising three towers of office buildings, two towers of serviced apartments and one retail mall in Ho Chi Minh City, Vietnam as well as the development of Mapletree's first investment in India – an information technology office park on a 5.3 hectare piece of land in Bangalore, India with further development potential of about 145,000 sq m. He has also commenced planning for the proposed redevelopment of The Comtech into Mapletree Business City phase 2 at the Alexandra Precinct, which shall be a new 30-storey business park building expected to yield over 120,000 sq m of gross floor area and to display a seamless integration with PSA Building and Mapletree Business City.

Prior to joining the Sponsor in February 2012, Mr Tan was Managing Director at Lend Lease Singapore. His responsibilities included execution of development projects in Lend Lease's portfolio and for various external clients. Mr Tan successfully completed 313@Somerset, the first major retail development spanning 291,129 sq ft of net lettable area delivered through Lend Lease's fully integrated model in Asia. It was also the first shopping mall along Singapore's premium retail belt, Orchard Road, to be awarded the Singapore Building and Construction Authority ("**BCA**") Green Mark Platinum Award in 2008. Mr Tan was also responsible for delivery of all the asset enhancement initiatives works on Parkway Parade and PoMo shopping centres in Singapore.

Mr Tan holds a Bachelor of Science (Building) from the National University of Singapore. He had completed a series of executive Learning & Development programs with Lend Lease.

Ms Wendy Low Siew Foong is concurrently Head of Retail Management, South East Asia of the Sponsor and has 27 years of experience in real estate and retail management.

As Head of Retail Management, South East Asia of the Sponsor, Ms Low is responsible for the full retail development and enhancement process for the South East Asia business unit of the Sponsor, which includes sourcing and evaluation of retail investment opportunities, formulating and implementing retail and leasing plans and strategies, overseeing the development and execution of promotional programmes and activities. In addition, she currently oversees the operations of SC VivoCity which is under development as part of Saigon South Place Complex. SC VivoCity is envisioned to be a "one-stop family lifestyle and entertainment destination mall" for both local and expatriate communities in Ho Chi Minh City.

Prior to joining the Sponsor in September 2010, Ms Low was the General Manager of Frasers Centrepoint Property Management Services from July 2008 to August 2010 where she was responsible for managing a portfolio of retail shopping malls, office buildings and a business park in Singapore, including The Centrepoint, Alexandra Point and Valley Point. Ms Low oversaw all property management and maintenance matters from planning to leasing, marketing, advertising

and promotions, to operations. From June 2006 to May 2008, Ms Low was with CapitaLand Retail Limited during which she was seconded to the Sponsor as General Manager of VivoCity to help set up and manage VivoCity.

Ms Low holds a Master of Science (Property Management and Maintenance) and a Bachelor of Science (Estate Management) Second Class Honours (Upper Division) from the National University of Singapore as well as a Graduate Diploma in Marketing from Marketing Institute of Singapore. She is also a member of the Singapore Institute of Surveyors and Valuers.

Ms Rachel Tong has more than 16 years of experience in real estate investment, asset management and finance experience.

As concurrent General Manager, Hong Kong of the Sponsor, Ms Tong manages the Sponsor's Hong Kong office operations which covers asset and property management and operational and financial performance of the Sponsor's group portfolio of assets in Hong Kong. Ms Tong was part of the Mapletree team which undertook the acquisition of Festival Walk from Swire Properties Limited in August 2011, in particular the due diligence of the physical asset and tenancy details. She was responsible for ensuring continuing good performance of the mall and integration of the staff and systems post-acquisition. Ms Tong was also involved in MIC's acquisition of the Nanhai Business City development in Foshan, China, and facilitating the set-up of the operations of the project.

Prior to joining the Sponsor in May 2010, Ms Tong was a director with DTZ Investment Management (Asia) Limited where she managed a team that provided investment management services relating to various aspects of real estate transactions across the Asia Pacific region, with a focus on Greater China, including advisory work on investment strategy, identification of investment opportunities and asset management. In 2007 and 2008, Ms Tong and her team brokered more than US$1.5 billion of real estate transactions. In the early part of Ms Tong's career, she was a vice president with the equity research department of Deutsche Bank focusing on property companies and developers in Hong Kong and China and an analyst in equity research with Salomon Smith Barney.

Ms Tong holds a Master of Philosophy (History) and a Bachelor of Arts (History and Sociology) from University of Hong Kong.

Ms Rosalind Cheng is concurrently Vice President, Property Management, Singapore Investments of the Sponsor and has 20 years of experience in property management and procurement.

As Vice President, Property Management, Singapore Investments of the Sponsor, Ms Cheng manages a property management team who oversees all operations and maintenance activities for the assets owned by the Singapore Investments business unit of the Sponsor, including tenancy and arrears management, property security management, handling and coordinating resolution of complaints and ensuring overall compliance with regulatory requirements. She also plans and implements system audits as well as reviews continuous process improvements. Ms Cheng was instrumental in getting HarbourFront Centre, one of the oldest operating buildings in Singapore, to meet the criteria required to achieve a Green Mark Platinum Award conferred by the Building Control Authority of Singapore in 2010.

Prior to joining the Sponsor in June 2001, Ms Cheng was project customer service manager with CapitaLand Residential Limited. She was also with HPL Properties Pte Ltd where she undertook various roles and was involved in many projects such as the set-up of Four Seasons Hotel, Singapore and Hard Rock Hotel, Bali, the development of Four Seasons Park and Hitachi Towers

in Singapore, property management for Forum Galleria in Singapore and asset enhancement initiative works on Meridien Hotel Shopping Arcade, Singapore. She was a Quantity Surveyor with the Lum Chang Group during the early part of her career.

Ms Cheng holds a Bachelor of Business (Distinction) in Business Administration from RMIT University, ACCA Diploma in Financial Management, Diploma in Building from Singapore Polytechnic, a Higher Stage LCCI Diploma in Marketing and a Professional Certificate in Facilities Management. She is also a Registered Fire Safety Manager with the Singapore Civil Defence Force (SCDF).

Mr Ng Wah Keong is concurrently Vice President, Finance of the Sponsor and has 15 years of experience in the areas of financial and management reporting, forecast and budgeting and auditing.

As Vice President, Finance of the Sponsor, Mr Ng leads the financial accounting team of the Sponsor and is responsible for the financial accounting related functions of Mapletree Group. Mr Ng reviews accounting and operating procedures, and ensures implementation of and compliance with internal controls as well as adherence to accounting, regulatory or statutory requirements in the relevant jurisdictions. He is also in charge of the preparation of financial and management reports (including reports to shareholder and key performance indicators), annual budgets and rolling forecasts and group consolidation and management reporting.

Prior to joining the Sponsor in December 2008, Mr Ng was an audit manager with KPMG LLP, Singapore where he audited listed companies and multinational corporations and acted as reporting accountants for public listings on the Singapore Stock Exchange. From 2000 to 2005, Mr Ng was an audit manager with Deloitte Malaysia involved in various public listings with Bursa Malaysia. Mr Ng's other appointments include an account supervisor role with Cede Communication Sdn Bhd and a senior audit role with BDO Chartered Accountants, Malaysia.

Mr Ng holds a Master of Business Administration (Finance) from University of Lincoln (UK). He is also a member of the Association of Chartered Certified Accountants.

Ms Sandra Cheng Chui Shan is the General Manager, Festival Walk and has 13 and seven years of experience undertaking retail management and leasing for shopping malls in Hong Kong and China, respectively.

As the General Manager of Festival Walk, Ms Cheng is responsible for driving the revenue, business growth, management and operations of Festival Walk. She oversees all aspects of the management and operations of Festival Walk, including formulating and executing annual business plans and budgets incorporating marketing and leasing plans and undertaking property management and maintenance. She reviews and recommends improvements to the asset to ensure that the positioning of the mall is relevant and the growth of net property income.

Prior to joining the Sponsor in August 2012, Ms Cheng was Assistant General Manager with Hutchison Whampoa Property where she was responsible for the layout planning, budget control, and overall marketing and leasing strategy of three shopping mall projects in different parts of China, namely Metropolitan Plaza Guangzhou, Century Place Shenzhen and Metropolitan Plaza Wuhan. From 1998 to 2005, Ms Cheng was assistant portfolio manager with Swire Properties Limited. In this capacity, she was responsible for the leasing and management of Cityplaza, the largest shopping destination on Hong Kong Island by gross floor area. Ms Cheng was previously a leasing officer with Harriman Leasing Limited and an assistant valuer with Jones Lang Wootton.

Ms Cheng holds a Bachelor of Economics from The University of Queensland, Australia.

ANNUAL REPORTS

An annual report will be issued by the Manager to Unitholders within the timeframe as set out in the Listing Manual and the CIS Code, and at least 14 days before the annual general meeting of the Unitholders, containing, among others, the following key items:

(i) details of all real estate transactions entered into during the financial accounting period;

(ii) details of MGCCT's real estate assets;

(iii) the tenant profile of MGCCT's real estate assets, including:

  (a) the total number of tenants;

  (b) the top 10 tenants, and the percentage of the total gross rental income attributable to each of these top 10 tenants;

  (c) trade sector mix of tenants, in terms of the percentage of total gross rental income attributable to major trade sectors; and

  (d) lease maturity profile, in terms of the percentage of total gross rental income, for each of the next five years;

(iv) if applicable, with respect to investments other than real property:

  (a) a brief description of the business;

  (b) proportion of share capital owned;

  (c) cost;

  (d) (if relevant) directors of the Manager' valuation and in the case of listed investments, market value;

  (e) dividends received during the year (indicating any interim dividends);

  (f) dividend cover or underlying earnings;

  (g) any extraordinary items; and

  (h) net assets attributable to investments;

(v) cost of each property held by MGCCT;

(vi) annual valuation of each property of MGCCT;

(vii) analysis of provision for diminution in value of each property of MGCCT (to the extent possible);

(viii) annual rental income for each property of MGCCT;

(ix) occupancy rates for each property of MGCCT;

(x) remaining term for each of MGCCT's leasehold properties;

(xi) amount of distributable income held pending distribution;

(xii) details of assets other than real estate;

(xiii) details of MGCCT's exposure to derivatives;

(xiv) details of MGCCT's investments in other property funds;

(xv) details of borrowings by the Trustee (for and on behalf of MGCCT) and other financial accommodation to the Trustee in relation to MGCCT;

(xvi) value of the Deposited Property and the NAV of MGCCT at the beginning and end of the financial year under review;

(xvii) the prices at which the Units were quoted at the beginning and end of the accounting period, and the highest and lowest prices at which the Units were traded on the SGX-ST during the financial accounting period;

(xviii) volume of trade in the Units during the accounting period;

(xix) the aggregate value of all transactions entered into by the Trustee (for and on behalf of MGCCT) with an "interested party" (as defined in the Property Funds Appendix) or with an "interested person" (as defined in the Listing Manual) during the financial year under review;

(xx) total operating expenses of MGCCT in respect of the accounting period, including expenses paid to the Manager and interested parties (if any) and the Trustee, and taxation incurred in relation to MGCCT's properties;

(xxi) historical performance of MGCCT, including rental income obtained and occupancy rates for each property in respect of the accounting period and other various periods of time (e.g. one-year, three-year, five-year or 10-year) and any distributions made;

(xxii) total amount of fees paid to the Trustee;

(xxiii) name of the manager of MGCCT, together with an indication of the terms and duration of its appointment and the basis of its remuneration;

(xxiv) total amount of fees paid to the Manager and the price(s) of the Units at which they were issued in part payment thereof;

(xxv) total amount of fees paid to the Property Manager; and

(xxvi) such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

The first report will cover the period from the Listing Date to 31 March 2014.

Additionally, MGCCT will announce its NAV on a quarterly basis. Such announcements will be based on the latest available valuation of MGCCT's real estate and real estate-related assets, which will be conducted at least once a year (as required under the Property Funds Appendix).

CORPORATE GOVERNANCE OF THE MANAGER

The following outlines the main corporate governance practices of the Manager.

Board of Directors of the Manager

The Board is responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Manager is also responsible for the strategic business direction and risk management of MGCCT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of the directors of the Manager.

The Board will have in place a framework for the management of the Manager and MGCCT, including a system of internal audit and control and a business risk management process. The Board consists of eight members, four of whom are independent directors. None of the directors of the Manager has entered into any service contract with MGCCT.

The composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive director of the Manager;
- the Board should comprise directors with a broad range of commercial experience including expertise in funds management, legal matters, audit and accounting and the property industry; and
- at least one-third of the Board should comprise independent directors.

However, according to Guideline 2.2 of the Code of Corporate Governance 2012, at least half of the Board should comprise independent directors where:

- the Chairman and the Chief Executive Officer is the same person;
- the Chairman and the Chief Executive Officer are immediate family members;
- the Chairman is part of the management team; or
- the Chairman is not an independent director.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board from among the directors of the Manager and is composed of three members, a majority of whom (including the Chairman of the Audit and Risk Committee) are required to be independent directors. As at the date of this Prospectus, the members of the Audit and Risk Committee are Mr Kevin Kwok Khien, Mr Lok Vi Ming and Mr Michael Kok Pak Kuan. Mr Kevin Kwok Khien has been appointed as the Chairman of the Audit and Risk Committee. All of the members of the Audit and Risk Committee are independent directors and all of them are resident in Singapore.

The role of the Audit and Risk Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit and Risk Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit and Risk Committee's responsibilities also include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions" (as defined therein) (both such types of transactions constituting "**Related Party Transactions**");

- reviewing transactions constituting Related Party Transactions;

- deliberating on resolutions relating to conflicts of interest situations involving MGCCT and the Sponsor Group;

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

- reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;

- reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with MGCCT;

- reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function;

- the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);

- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

- reviewing the appointment, re-appointment or removal of external auditors;

- reviewing the nature and extent of non-audit services performed by external auditors;

- reviewing, on an annual basis, the independence and objectivity of the external auditors;

- meeting with external and internal auditors, without the presence of the executive officers, at least on an annual basis;

- reviewing the system of internal controls including financial, operational, compliance and information technology controls and risk management processes;

- reviewing the financial statements and the internal audit report;
- reviewing and providing their views on all hedging policies and instruments to be implemented by MGCCT to the Board;
- reviewing and approving the procedures for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;
- investigating any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

Compliance Officer

The Manager has outsourced the role of the compliance officer to the Sponsor. The compliance officer will report to the Chief Executive Officer, the Sponsor's Group General Counsel and the Board, and his duties include:

- updating employees of the Manager on compliance requirements under the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual and all applicable laws, regulations and guidelines;
- preparing returns to the MAS as required under the SFA;
- highlighting any deficiencies or making recommendations with respect to the Manager's compliance processes;
- assisting in the application process for the appointment of new directors to the Board; and
- assisting in any other matters concerning compliance with the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual and all applicable laws, regulations and guidelines.

Legal Representatives

Mr Loh Shyh will continue to be the legal representative of Gateway Plaza Property Operations (Beijing) Limited following the completion of the acquisition of the Properties. The Manager has taken the following factors into consideration when appointing the legal representative:

- the qualifications and experience of the person; and
- the person's knowledge of the property market.

The legal representative is authorised to perform all acts regarding the general administration of Gateway Plaza Property Operations (Beijing) Limited. He can also execute powers of attorney on behalf of Gateway Plaza Property Operations (Beijing) Limited and execute any legal transactions that are within the nature and the scope of business of Gateway Plaza Property Operations (Beijing) Limited.

There is a risk that Gateway Plaza Property Operations (Beijing) Limited will be held liable should its legal representative perform any unauthorised actions on its behalf. In this regard, the following measures will be implemented in order to mitigate such a risk:

- an internal control system to ensure that there is proper authorisation as to disbursements and delegation of authority;
- safeguarding controls over all the company seals and cheque books; and
- ensuring segregation of duties in the cash management process including receipts and disbursements.

The Board is of the opinion that the processes and procedures to be put in place will be adequate to mitigate the risks in relation to the appointment of the legal representative of Gateway Plaza Property Operations (Beijing) Limited.

Dealings in Units

Each director of the Manager and the Chief Executive Officer of the Manager is to give notice to the Manager of his acquisition of Units or of changes in the number of Units which he holds or in which he has an interest, within two Business Days[1] after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest. (See "The Formation and Structure of Mapletree Greater China Commercial Trust – Directors' Declaration of Unitholdings" for further details.)

All dealings in Units by the directors of the Manager will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website http://www.sgx.com.

The directors and employees of the Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of MGCCT's annual results and property valuations, and two weeks before the public announcement of MGCCT's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and
- at any time while in possession of price sensitive information.

The directors and employees of the Manager are also prohibited from communicating price sensitive information to any person.

Generally, all employees of the Mapletree Group are required to send a pre-trading notification email to the compliance officer through a designated pre-trading email account, before trading in any units of MLT, MIT, MCT and MGCCT.

Pursuant to Section 137ZC of the SFA, the Manager is required to, *inter alia*, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Units by the Manager as soon as practicable, and in any case no later than the end of the Business Day following the day on which the Manager became aware of the acquisition or disposal. In addition, all dealings in Units by any director and the Chief Executive Officer of the Manager will also need to be announced by the Manager via SGXNET, with the announcement to be posted on the internet at the SGX-ST website http://www.sgx.com and in such form and manner as the MAS may prescribe.

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1 "**Business Day**" means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

Management of Business Risk

The Board will meet quarterly, or more often if necessary, and will review the financial performance of the Manager and MGCCT against a previously approved budget. The Board will also review the business risks of MGCCT, examine liability management and act upon any comments from the auditors of MGCCT.

The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and MGCCT. In assessing business risk, the Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual investment projects prior to approving major transactions. The management meets regularly to review the operations of the Manager and MGCCT and discuss any disclosure issues.

The Manager has also provided an undertaking to the SGX-ST that:

(i) the Manager will make periodic announcements on the use of the proceeds from the Offering as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the annual report;

(ii) in relation to foreign exchange hedging transactions (if any) (a) the Manager will seek the approval of its board on the policy for entering into any such transactions, (b) the Manager will put in place adequate procedures which must be reviewed and approved by the Audit and Risk Committee and (c) the Audit and Risk Committee will monitor the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board;

(iii) the Audit and Risk Committee will review and provide their views on all hedging policies and instruments (if any) to be implemented by MGCCT to the Board, and the trading of such financial and foreign exchange instruments will require the specific approval of the Board.

Potential Conflicts of Interest

The Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

- The Manager will not manage any other REIT which invests in the same type of properties as MGCCT.

- All executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities.

- All resolutions in writing of the directors of the Manager in relation to matters concerning MGCCT must be approved by at least a majority of the directors of the Manager, including at least one Independent Director.

- At least one-third of the Board shall comprise independent directors.

- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of the Sponsor and/or its subsidiaries.

- It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of MGCCT with a Related Party (as defined herein) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of MGCCT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The directors of the Manager (including its independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of MGCCT with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Establishment of Funds by the Sponsor

- **MIC and the Proposed New China Fund**

  The Sponsor currently owns a 43.2% interest in MIC, with the remainder interest being held by third parties. MIC has an investment mandate covering commercial, residential and mixed-use developments which may also include information technology/software, leisure and entertainment, hospitality and ancillary amenities properties in India and China.

  MIC will not be subject to any right of first refusal, the Transaction Review Committee (as defined herein) and the Competitive Process (as defined herein) as it has already been established and the various agreements and documents entered into or issued when MIC was established do not contain any provisions which would allow MIC to be subject to any such processes.

  The Sponsor is in the process of establishing a fund (the "**Proposed New China Fund**") which will have an investment mandate that covers development of mixed-use or single-use office, business park, retail, industrial, serviced apartment and residential projects and the acquisition of similar projects or properties (as the case may be) with value enhancement potential located in China. The Sponsor will hold approximately 38.0% interest in the Proposed New China Fund, with third party investors holding the rest of the interest in the Proposed New China Fund. The Proposed New China Fund will be managed by a wholly-owned subsidiary of the Sponsor. The Proposed New China Fund will be subject to the Transaction Review Committee and the Competitive Process but will not grant a right of first refusal to MGCCT since it had commenced its marketing process without any right of first refusal provisions.

- **Future Greater China Commercial Private Funds**

  The Sponsor may, subject to the Sponsor Non-Compete Undertaking below, in future set up or manage private funds or follow-on private funds with an investment mandate for commercial properties in Greater China ("**Future Greater China Commercial Private Funds**" and which, for the avoidance of doubt, exclude MIC and the Proposed New China Fund). The Future Greater China Commercial Private Funds will be subject to the Transaction Review Committee and the Sponsor ROFR, and in the event that the Sponsor is unable to obtain the consent of the relevant third parties for the grant of a right of first refusal by a Future Greater China Commercial Private Fund pursuant to the Sponsor ROFR, the Sponsor will procure that such Future Greater China Commercial Private Fund be subject to the Competitive Process.

Sponsor Non-Compete Undertaking

For the purpose of any potential conflicts of interest, the Sponsor has provided an undertaking to the Trustee that for so long as:

(a) the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the manager of MGCCT; and

(b) the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of MGCCT,

the Sponsor will not set up another listed or private fund with the same investment mandate and risk-return profile as MGCCT. For the avoidance of doubt, the Sponsor may set up the Proposed New China Fund and Future Greater China Commercial Private Funds which will not compete with and will not have the same investment mandate and risk-return profile as MGCCT.

For the purposes of this undertaking provided by the Sponsor:

- a "**controlling shareholder**" means:
  - a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting shares of the company; or
  - in fact exercises control over the company; and
- a "**controlling unitholder**" in relation to a real estate investment trust means:
  - a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the real estate investment trust; or
  - in fact exercises control over the real estate investment trust.

The Sponsor maintains strict policies and procedures to address any potential conflict that may arise from its businesses. This includes the establishment of the following measures.

Transaction Review Committee

A transaction review committee (the "**Transaction Review Committee**") will be established to resolve any potential conflict of interest between MGCCT, the Proposed New China Fund and any Future Greater China Commercial Private Funds. The Transaction Review Committee is applicable to proposed acquisitions by any of the above-mentioned entities. In the event that any of the above-mentioned entities wish to acquire an investment property, and such investment property is sold by a third party vendor by way of a tender, auction or other form of competitive process, the Transaction Review Committee would not be involved. To the extent that the Transaction Review Committee receives more than one "Expression of Interest" from any two or more of MGCCT, the Proposed New China Fund and any Future Greater China Commercial Private Fund for the same investment property owned by a third party which is not sold via a competitive process, the Sponsor will follow the allocation process described below and the Transaction Review Committee will exercise its absolute discretion in an equitable manner.

(i) the Transaction Review Committee will comprise three independent directors of MIPL;

(ii) the respective investment teams of MGCCT, the Proposed New China Fund and any Future Greater China Commercial Private Fund will each be independently responsible for originating and evaluating acquisition opportunities;

(iii) if the investment team of MGCCT, the Proposed New China Fund or any Future Greater China Commercial Private Fund would like to recommend an acquisition (provided that this shall not include an investment opportunity conducted through a tender, auction or other form of competitive process by a third party vendor), it will submit an "Expression of Interest" on confidential basis to the Transaction Review Committee;

(iv) the Transaction Review Committee will review and deliberate within 14 working days of receipt of an "Expression of Interest". If multiple "Expression of Interest" is received within a 14 working day period, the Transaction Review Committee will deliberate within 14 working days commencing from the date of the latest "Expression of Interest" received;

(v) if only one "Expression of Interest" has been submitted to the Transaction Review Committee for the proposed acquisition within the 14 working days deadline, then MGCCT, the Proposed New China Fund or any Future Greater China Commercial Private Fund (as the case may be) may proceed accordingly to the exclusion of the other party which did not submit the "Expression of Interest". The Transaction Review Committee is not required to inform the party which did not submit the "Expression of Interest" regarding such proposed acquisition and if the Transaction Review Committee does not receive any "Expression of Interest" from the other party, then such other party would not be able to pursue such acquisition opportunity; and

(vi) if MGCCT, the Proposed New China Fund and any Future Greater China Commercial Private Fund have submitted "Expressions of Interest" for the same proposed acquisition, the Transaction Review Committee will evaluate if the proposed acquisition is more suitable for the investment objective of MGCCT, the Proposed New China Fund or any Future Greater China Commercial Private Fund, and determine whether MGCCT, the Proposed New China Fund or any Future Greater China Commercial Private Fund should proceed with the proposed acquisition opportunity (taking into account factors such as the respective investment mandate and the risk profile of MGCCT, the Proposed New China Fund and any Future Greater China Commercial Private Fund). In this regard, the Transaction Review Committee may also decide in its discretion to allow competing bids or joint bids by MGCCT, the Proposed New China Fund and any Future Greater China Commercial Private Fund.

In the event that the Sponsor receives an invitation to evaluate or bid for an investment property in China, the Sponsor shall refer the invitation to MGCCT, the Proposed New China Fund and any Future Greater China Commercial Private Fund and follow the process as described above. For these purposes, an asset is considered as an "investment property" when it has been issued with its Temporary Occupation Permit or equivalent or is expected to be issued with the same upon targeted completion date of acquisition of such asset. If the invitation is to evaluate or bid for a development asset in China, the Sponsor shall refer the invitation to the Proposed New China Fund and any Future Greater China Commercial Private Fund only.

If MGCCT, the Proposed New China Fund and any Future Greater China Commercial Private Fund are not interested in the proposed acquisition, the Sponsor may at such point of time acquire the property.

Competitive Process

Where a Future Greater China Commercial Private Fund does not grant a right of first refusal to MGCCT, the Sponsor will procure such Future Greater China Commercial Private Fund to provide an undertaking to conduct any proposed disposal of its assets through the competitive process as described below (the "**Competitive Process**"). The Proposed New China Fund will provide an undertaking to conduct any proposed disposal of its assets through the Competitive Process. The Competitive Process is applicable to proposed disposal by the Proposed New China Fund and any Future Greater China Commercial Private Funds.

(1) **In the scenario where the Proposed New China Fund or the Future Greater China Commercial Private Fund proposes to dispose of an asset to a third party**: the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund shall initiate an auction process in accordance with the steps as set out below:

(a) the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund shall invite MGCCT to participate in the auction of such asset;

(b) the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund shall (subject to entry into of a non-disclosure agreement) provide reasonable information regarding the asset to the potential bidders (including MGCCT); and

(c) the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund shall direct the manager of the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund (the "**China Fund Manager**") to implement a professionally managed process where (i) the bid deadline shall be at least 14 working days from the date when the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund provide reasonable information regarding the asset and (ii) the bids received shall be opened altogether in the presence of at least one independent investment committee member[1] of the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund. Upon close of the auction deadline, where MGCCT has submitted a bid, the evaluation and sale approval shall be given by the independent investment committee members[1] of the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund after review by and agreement of the advisory committee of the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund. The China Fund Manager may use a professional service provider, such as a reputable investment bank, law firm, real estate broker or CPA firm to manage the auction process.

(2) **In the scenario where the Proposed New China Fund or the Future Greater China Commercial Private Fund receives an unsolicited offer for an asset and the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund is prepared to consider such offer**: the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund shall initiate a limited auction process described in sub-paragraph (1) above involving both the unsolicited bidder and MGCCT. Both the unsolicited bidder and MGCCT shall be invited to bid for the asset and informed of the same bid deadline. Upon close of the bid deadline, where MGCCT has submitted a bid, the evaluation and sale approval shall be given by the independent investment committee members[1] of the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund after review by and agreement of the advisory committee of the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund.

(3) **In the scenario where MGCCT were to make an unsolicited offer to the Proposed New China Fund or the Future Greater China Commercial Private Fund to acquire an asset and the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund wishes to accept the offer**: the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund shall refer the situation to its advisory committee which may direct the China Fund Manager to (a) secure an independent valuation of the asset, (b) seek other bids for the asset, and/or (c) propose

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1 The reference to "**independent**" in the term "**independent investment committee members**" refers to being independent of the Sponsor.

other methodology to minimise the potential conflict of interest which may include initiating an auction process described in sub-paragraph (1) above. Should the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund decide to initiate the auction process described in sub-paragraph (1) above, MGCCT and other potential bidders shall be invited to bid for the asset within the same bid deadline and upon close of the bid deadline, the evaluation and sale approval shall be only given by the independent investment committee members[1] of the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund after review by and agreement of the advisory committee of the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund.

It should be noted that notwithstanding the Competitive Process, any disposal by the Proposed New China Fund or the Future Greater China Commercial Private Fund of any of their assets:

(A) is subject to any prior overriding contractual obligations which the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund may have in relation to the relevant asset and/or the third parties that hold these assets;

(B) exclude the disposal of any interest in the relevant asset by the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund to a related corporation of the Proposed New China Fund or, as the case may be, the Future Greater China Commercial Private Fund pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event; and

(C) is subject to the applicable laws, regulations and government policies.

RELATED PARTY TRANSACTIONS

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of MGCCT and the Unitholders.

As a general rule, the Manager must demonstrate to its Audit and Risk Committee that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager will maintain a register to record all Related Party Transactions which are entered into by MGCCT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

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1 The reference to "**independent**" in the term "**independent investment committee members**" refers to being independent of the Sponsor.

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by MGCCT. The Audit and Risk Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of MGCCT's net tangible assets will be subject to review by the Audit and Risk Committee at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of MGCCT's net tangible assets will be subject to the review and prior approval of the Audit and Risk Committee. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of MGCCT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of MGCCT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning MGCCT relate to transactions entered into or to be entered into by the Trustee for and on behalf of MGCCT with a Related Party of the Manager (which would include relevant Associates thereof) or MGCCT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;

- are not prejudicial to the interests of MGCCT and the Unitholders; and

- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or MGCCT. If the Trustee is to sign any contract with a Related Party of the Manager or MGCCT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

Save for the transactions described under "Related Party Transactions in Connection with the Setting Up of MGCCT" and "Exempted Agreements", MGCCT will comply with Rule 905 of the Listing Manual by announcing any interested person transaction in accordance with the Listing

Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of MGCCT's latest audited net tangible assets.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in MGCCT's annual report for that financial year.

Role of the Audit and Risk Committee for Related Party Transactions

The Audit and Risk Committee will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control system, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit and Risk Committee.

If a member of the Audit and Risk Committee has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

Related Party Transactions in Connection with the Setting Up of MGCCT and the Offering

Existing Agreements

The Trustee, on behalf of MGCCT, has entered into a number of transactions with the Manager and certain related parties of the Manager in connection with the setting up of MGCCT. These Related Party Transactions are as follows:

- The Trustee has on 14 February 2013 entered into the Trust Deed with the Manager. The terms of the Trust Deed are generally described in "The Formation and Structure of Mapletree Greater China Commercial Trust".

- The Trustee has on 14 February 2013 entered into the share purchase agreements with the Vendors in respect of the entire issued share capital of Claymore Limited (which indirectly holds Festival Walk) and Beijing Gateway Plaza (Cayman) Ltd (which indirectly holds Gateway Plaza) (each as amended by the respective supplemental agreement dated 27 February 2013) (the "**Share Purchase Agreements**"). These agreements are more particularly described in "Certain Agreements Relating to Mapletree Greater China Commercial Trust and the Properties – Share Purchase Agreements".

- The Trustee, the Manager and the Property Manager have on 14 February 2013 entered into the master property management agreement (the "**Master Property Management Agreement**") for the operation, maintenance, management and marketing of properties of MGCCT by the Property Manager from time to time. These agreements are more particularly described in "Certain Agreements Relating to Mapletree Greater China Commercial Trust and the Properties – Property Management Agreement".

  The Property Manager is staffed by employees with relevant experience and expertise and therefore the Manager considers that the Property Manager has the necessary expertise and resources to perform the property management, lease management, project management and marketing services for the Properties.

  The Manager believes that the Master Property Management Agreement is made on normal commercial terms and is not prejudicial to the interests of MGCCT and the Unitholders.

Save as disclosed in this Prospectus, the Trustee has not entered into any other transactions with (i) the Manager or any Related Party of the Manager or (ii) the Property Manager in connection with the setting up of MGCCT.

Property Management Agreement

In respect of property and lease management services, marketing services and project management services to be provided by the Property Manager for each property under its management (including each subsequently acquired property which are managed by the Property Manager), the Property Manager shall be entitled to receive from the Trustee in respect of each property of MGCCT under its management:

- 2.0% per annum of Gross Revenue for the relevant property (calculated before business tax for properties located in the PRC[1]);

- 2.0% per annum of Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and

- where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider[2]. Such services shall include but are not limited to master planning work, retail planning work and environmental impact studies.

The Property Manager takes over the centre management team of Festival Walk and also employs the persons to run The Glacier (which is the ice rink business of Festival Walk). The Property Manager is entitled (i) to be reimbursed for the cost of employing the centre management team of Festival Walk and the persons to run The Glacier (which is the ice rink business of Festival Walk) and (ii) to receive an administrative cost based on a margin of 3.0% of such employment cost.[3]

The Property Manager is also entitled to the following marketing services commissions:

- up to one month's gross rent inclusive of service charge, for securing a tenancy of three years or less;

- up to two months' gross rent inclusive of service charge, for securing a tenancy of more than three years;

- up to 0.5 month's gross rent inclusive of service charge, for securing a renewal of tenancy of three years or less; and

- up to one month's gross rent inclusive of service charge, for securing a renewal of tenancy of more than three years.

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1 There is no equivalent business tax in Hong Kong.

2 For the avoidance of doubt, the 20% fee payable to the Property Manager is over and above the fees payable to such third party service provider.

3 The Property Manager is not in the position to unilaterally increase employment costs to its benefit since the total employment costs to be reimbursed to the Property Manager in any fiscal year have to be set out in the annual business plan and budget for Festival Walk to be pre-approved by the Trustee and the Manager before the start of that relevant fiscal year.

The Property Manager is not entitled to the marketing services commissions if such service is (i) performed by staff of the asset holding company or (ii) performed by third party service providers[1].

In relation to the development and redevelopment of a property (if not prohibited by the Property Funds Appendix or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on such a property, the Property Manager is entitled to a project management fee to be mutually agreed in writing between the Manager, the Trustee and the Property Manager. Such project management fee shall be subject to:

- a limit of up to 3.0% of the total construction costs[2]; and
- (in the event that the project management fee is more than S$100,000) an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and reasonable range[3].

In addition to its fees, the Property Manager will be fully reimbursed for certain costs. (See "Certain Agreements Relating to Mapletree Greater China Commercial Trust and the Properties – Property Management Agreement – Reimbursable Expenses" for further details.)

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1 Where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20% of all fees payable to such third party service provider as further elaborated in the above paragraphs relating to the property management fee.

2 "**Total construction costs**" means:

(i) construction cost based on the project final account prepared by the project quantity surveyor;

(ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;

(iii) the cost of obtaining all approvals for the project;

(iv) site staff costs;

(v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices; and

(vi) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices.

3 The Manager will disclose in the annual report of MGCCT (a) the project management fee in respect of each project (both the quantum and as a percentage of the total construction costs), (b) (if applicable) the identity of the independent quantity surveyor appointed by the Trustee upon recommendation by the Manager, and (c) (if applicable) the date of the opinion issued by such independent quantity surveyor stating that the project management fee is within market norms and reasonable range.

Exempted Agreements

The entry into and the fees and charges payable by MGCCT under the Trust Deed, the Share Purchase Agreements and the Master Property Management Agreement (collectively, the "Exempted Agreements"), each of which constitutes or will, when entered into, constitute a Related Party Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect MGCCT.

(See "Overview – Certain Fees and Charges" for the fees and charges payable by MGCCT in connection with the establishment and on-going management and operation of MGCCT for further details.)

Any renewal of the Master Property Management Agreement will be subject to Rules 905 and 906 of the Listing Manual. (See "The Manager and Corporate Governance – Related Party Transactions – The Manager's Internal Control System" for further details).

Future Related Party Transactions

As a REIT, MGCCT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulates, among others, transactions entered into by the Trustee (for and on behalf of MGCCT) with an interested party relating to MGCCT's acquisition of assets from or sale of assets to an interested party, MGCCT's investment in securities of or issued by an interested party and the engagement of an interested party as property management agent or marketing agent for MGCCT's properties.

Depending on the materiality of transactions entered into by MGCCT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by, an interested party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the Unitholders be obtained.

The Listing Manual regulates all interested person transactions, including transactions already governed by the Property Funds Appendix. Depending on the materiality of the transaction, MGCCT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (Rule 906 of the Listing Manual). The Trust Deed requires the Trustee and the Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as such other guidelines relating to interested person transactions as may be prescribed by the SGX-ST to apply to REITs.

The Manager may in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to leases and/or licence agreements to be entered into with interested persons.

All transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee will appoint an independent financial adviser (without being required to consult the Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of MGCCT and the Unitholders.

Both the Property Funds Appendix and the Listing Manual requirements would have to be complied with in respect to a proposed transaction which is *prima facie* governed by both sets of rules. Where matters concerning MGCCT relate to transactions entered or to be entered into by the Trustee for and on behalf of MGCCT with a Related Party (either an "interested party" under the Property Funds Appendix or an "interested person" under the Listing Manual) of the Manager or MGCCT, the Trustee and the Manager are required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual.

The Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the Trustee (when acting other than in its capacity as trustee of MGCCT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of MGCCT and the Unitholders. The Manager shall not be liable to account to the Trustee or to the Unitholders for any profits or benefits or other commissions made or derived from or in connection with any such transaction. The Trustee shall not be liable to account to the Manager or to the Unitholders for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the Manager, its "connected persons" (as defined in the Listing Manual) and any director of the Manager are prohibited from voting their respective own Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

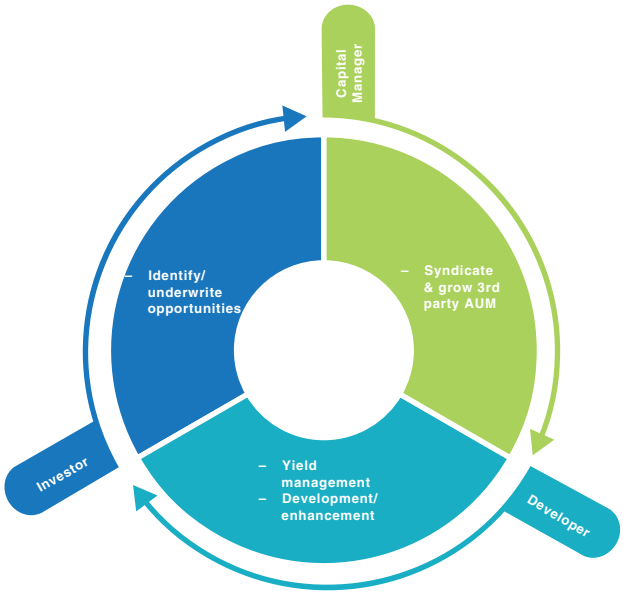
The Manager believes in being a responsible corporate citizen and will align its business operations and strategy with the Mapletree Group's corporate social responsibility framework which strives to empower individuals and enrich communities through education, health, environment and arts related causes. The Manager will work with the Sponsor on corporate social responsibility initiatives under the framework to create and share positive outcomes with the larger community.

THE SPONSOR

MIPL is a leading Asia-focused real estate development, investment and capital management company headquartered in Singapore. It was incorporated in Singapore as a private limited company on 18 December 2000.

When it was first established, MIPL and its subsidiaries (collectively, "**Mapletree**" or "**Mapletree Group**") owned S$2.6 billion of real estate assets (at 31 March 2001), almost all of which were in Singapore and wholly-owned by Mapletree Group. The size of assets both owned and managed by Mapletree Group has since grown and the geographical footprint of Mapletree has also correspondingly expanded in the region. As at 31 March 2012, Mapletree Group owned and managed S$19.9 billion of office, logistics, industrial, residential and retail/lifestyle properties situated across Asia, including properties in Singapore, China, Hong Kong, India, Japan, Malaysia, South Korea and Vietnam. Mapletree Group currently has offices in 15 cities across seven countries in Asia.

By combining its key strengths as a developer, an investor and a capital manager, Mapletree Group has established a successful track record of delivering award-winning projects and consistent high returns from across various real estate classes in Asia.



MIPL is indirectly wholly-owned by Temasek Holdings (Private) Limited, through its wholly-owned subsidiary, Fullerton Management Pte Ltd.

SPONSOR'S CAPABILITIES

As a Capital Manager

With its experience and expertise in real estate asset and fund management, Mapletree Group is committed to providing real estate-related capital management services to investors and partners. As at 31 March 2012, Mapletree's listed REITs had a combined market capitalisation of S$5.7 billion, and Mapletree Group's total funds under management of listed REITs and private funds was S$7.5 billion.

	Private Funds			Divested Private Funds		Public REITs		
	Mapletree India China Fund (MIC)	Mapletree Industrial Fund (MIF)	CIMB-Mapletree Real Estate Fund I (CMREF1)	Mapletree Industrial Trust Private Trust (MITP)	Mapletree Real Estate Mezzanine Fund (MREM)	Mapletree Commercial Trust (MCT)	Mapletree Industrial Trust (MIT)	Mapletree Logistics Trust (MLT)
Year Formed	2008	2006	2005	2008	2005	2011	2010	2005
Geographic Focus	India / China	Pan Asia	Malaysia	Singapore	Pan Asia	Singapore	Singapore	Pan Asia
Asset Class	Mixed Use / Commercial / Residential	Industrial	Commercial / Residential	Industrial	Mezzanine Financing	Commercial (Office/Retail)	Industrial	Logistics
Equity Capitalisation ***US$ million***	1,157(1)	299(1)	133(1,2)	560(1,2)	71(1,2)	1,409(2,3)	1,310(2,3)	2,009(2,3)

Notes:

(1) Aggregate equity commitments as of 31 March 2012.

(2) The S$/US$ and Malaysian Ringgit/US$ conversions used are based on the prevailing exchange rates as at 31 March 2012.

(3) Net asset value of MCT, MIT and MLT as of 31 March 2012. For MLT, includes perpetual securities of US$272 million.

(A) Real Estate Investment Trusts (REITs)

Mapletree Logistics Trust (MLT)

Listed on the Main Board of the SGX-ST on 28 July 2005, MLT is the first Asia-focused logistics REIT in Singapore with the principal strategy of investing in a diversified portfolio of income-producing logistics real estate and real estate-related assets in the fast growing Asia-Pacific logistics sector.

MLT's initial IPO portfolio of 15 logistics assets in Singapore, valued at S$422 million (as at 31 May 2005) has grown in value to approximately S$4.1 billion, comprising 110 properties with a total net lettable area ("**NLA**") of 2.8 million sq m in Singapore, Hong Kong, China, Malaysia, Japan, South Korea and Vietnam as at 31 December 2012.

MLTM received the 2011 Frost & Sullivan Asia Pacific Logistics Park Developer of the Year award. This award was in recognition of MLTM's commitment to excellence in developing and managing MLT's buildings and logistics parks to achieve high performance.

MIPL is the sponsor of MLT with an interest of approximately 41% in the trust as at 31 March 2012. MLT is managed by Mapletree Logistics Trust Management Ltd., a wholly-owned subsidiary of MIPL.

As the sponsor to MLT, MIPL is committed to supporting MLT's growth by developing logistics parks and facilities which provides a pipeline of future acquisition opportunities to MLT. This includes Mapletree Logistics Park (Binh Duong) in Vietnam, Mapletree Shah Alam Logistics Park in Malaysia and Mapletree Beijing FTZ Park in China. Access to such acquisition opportunities is especially relevant to MLT in emerging markets where there is an insufficient supply of quality logistics properties to meet MLT's demand for completed and occupied logistics properties. As at 31 March 2012, Mapletree Group has committed to 10 logistics development projects in China, Japan, Malaysia and Vietnam.

Mapletree Industrial Trust (MIT)

Listed on the Main Board of the SGX-ST on 21 October 2010, MIT is a Singapore-focused REIT established with the principal strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate used primarily for industrial [1] purposes, whether wholly or partially, in Singapore, as well as real estate-related assets. At the time of its listing, MIT was the largest REIT IPO in Singapore's history.

MIT's initial IPO portfolio comprised 70 properties located across Singapore with an aggregate NLA of approximately 12.1 million sq ft and was valued at S$2.1 billion (as at 31 August 2010). The portfolio has since expanded to 81 properties valued at S$2.7 billion with a total NLA of 13.2 million sq ft as at 31 December 2012. These 81 properties include flatted factories, business park buildings, stack-up/ramp-up buildings, light industrial buildings and a warehouse across key industrial locations in Singapore.

MIPL is the sponsor of MIT with an interest of approximately 30% in the trust as at 31 March 2012. MIT is managed by Mapletree Industrial Trust Management Ltd., a wholly-owned subsidiary of MIPL.

Mapletree Commercial Trust (MCT)

Listed on the Main Board of the SGX-ST on 27 April 2011, MCT is a Singapore-focused REIT established with the principal investment objective of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate used primarily for office and/or retail purposes, whether wholly or partially, in Singapore, as well as real estate related assets. MCT is the largest Singapore REIT IPO to date.

MCT's initial IPO portfolio comprises VivoCity, Bank of America Merrill Lynch HarbourFront ("**MLHF**") and PSA Building ("**PSAB**"). The three properties have a total NLA of 1.8 million sq ft and were valued at S$3.1 billion as at 31 December 2012.

MIPL is the sponsor of MCT with an interest of approximately 42% in the trust as at 31 March 2012. MCT is managed by Mapletree Commercial Trust Management Ltd., a wholly-owned subsidiary of MIPL.

Leveraging on MIPL's development expertise and track record, MCT completed the asset enhancement of PSAB within schedule, adding 89,600 sq ft of retail space and 15,000 sq ft of additional office space to the building. Alexandra Retail Centre ("**ARC**"), the converted three-storey retail podium of PSAB, welcomed its first shoppers on 15 December 2011, ahead of its forecast opening date in July 2012.

(B) Private Real Estate Funds

Mapletree India China Fund (MIC)

MIC is a ten-year (five years for investment and five years for distribution) opportunistic private fund established with the objective of maximising total returns by acquiring, developing and managing real estate projects in India and China. The fund primarily invests in commercial and mixed-use property development projects in Tier 1 and Tier 2 cities to harness the urbanisation trend and the increasing consumption of the growing middle class in India and China.

1 As used in the prospectus of MIT, the term "**industrial**" refers to properties used primarily for industrial purposes, examples of which include but are not limited to, flatted factories, business park buildings, stack-up/ramp-up buildings, hi-tech and light industrial buildings and general industrial buildings, but excludes properties used primarily for logistics purposes.

MIC closed in August 2008 with a committed capital of US$1,157.6 million which has been fully deployed into committed investments in early 2012. This is well in advance of the expiry of the investment period in May 2013. As at 31 March 2012, MIC's portfolio comprises six properties: two investment properties in Beijing and Shanghai (the investment property in Beijing being Gateway Plaza), three mixed-use development projects in Xi'an, Foshan and Shanghai respectively and one IT park development project in India. MIC had divested an office building in Beijing in 2011, realising an internal rate of return [1] of 18.8% and 1.7 times equity multiple.

MIPL is the sponsor of MIC with an interest of approximately 43.2% in the fund, with the remainder interest being held by third parties. MIC is managed by Mapletree Real Estate Advisors Pte. Ltd. (formerly known as Mapletree MIC Fund Management Pte. Ltd.), a wholly-owned subsidiary of MIPL.

MIC is not subject to any right of first refusal, the Transaction Review Committee or the Competitive Process as it has already been established and the various agreements and documents entered into or issued when MIC was established do not contain any provisions which would allow MIC to be subject to any such processes.

Mapletree Industrial Fund (MIF)

MIPL sponsored the establishment of MIF with the objective of investing in industrial properties in Asia for yield and capital appreciation. It closed MIF with US$310.6 million initial committed capital in November 2006. The fund is now in its distribution period after a three-year investment period which ended in November 2009.

The fund invests in completed industrial related properties and assets to provide stable recurrent income and growth through built-in escalation, and undertakes development projects of industrial properties as and when suitable opportunities arise.

MIF divested its 18.4% interest in the unitholdings of MIT and its 100% interest in the unitholdings of Mapletree Singapore Industrial Trust (which held its Singapore property portfolio) to MIT as part of MIT's IPO in October 2010.

In March 2012, MIF divested the Shinonome property in Japan which was acquired in July 2009. MIF realised a US$ internal rate of return of 22.0% per annum after tax and fund management fee from this sale.

The total asset size of MIF's remaining portfolio as at 31 March 2012 was US$89 million which consisted of six properties in China and Malaysia.

MIPL has an approximately 40% interest in MIF, which is managed by Mapletree Industrial Fund Management Pte. Ltd., a wholly-owned subsidiary of MIPL.

Mapletree Industrial Trust Private (MITP)

MITP was established in 2008 to acquire a S$1.7 billion portfolio of ready-built high-rise industrial properties strategically located in established industrial areas with rental growth potential from JTC Corporation which subsequently formed the IPO portfolio for MIT. The acquisition, financing and equity syndication was completed within six months. MITP closed in July 2008 with S$708 million in committed capital. On 21 October 2010, together with six light industrial buildings from MIF, MITP was listed on the Main Board of the SGX-ST as MIT.

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1 After expenses, taxes and base fee but before carried interest. "**Carried interest**" refers to the investment advisory fee which the investment advisor to MIC is entitled to from the net proceeds of disposing or realising any investment held by MIC.

Post-acquisition of the properties from JTC Corporation, MIPL as the sponsor of MITP employed proactive asset management measures and performed various asset enhancement works to the MITP portfolio to enhance the functionality, appeal and value of the properties. At the time of the IPO of MIT, the portfolio was valued at S$2.1 billion (as at 31 August 2010), which marked an approximate 23.5% increase in value of the assets.

The successful listing of MIT was a tangible demonstration of MIPL's capabilities in deal origination, syndication and profitable value extraction. The IPO generated an internal rate of return (IRR) of 19.1% per annum and almost 1.5 times equity multiple for MITP investors.

MIPL had an interest of approximately 30.3% in MITP. MITP was managed by Mapletree Industrial Fund Management Pte. Ltd., a wholly-owned subsidiary of MIPL.

CIMB-Mapletree Real Estate Fund 1 (CMREF 1)

MIPL manages CMREF 1, a Malaysia-focused real estate fund, through a joint venture with CIMB Berhad in Malaysia. CMREF 1 has a mandate to make direct investments in properties in Malaysia, including investments in distressed assets, real estate investment products and listed real estate securities with a committed capital of MYR 402 million in December 2005. CMREF 1 is already fully invested.

CMREF 1, together with MIPL in a 60:40 joint venture, is currently developing a Grade A office tower. CMREF 1 is also developing a shopping mall in Kuala Lumpur. In addition, CMREF 1 has a 50% interest in a joint venture with a listed Malaysian developer, E&O Berhad, and Al Salam Bank Bahrain to develop bungalow lots in Penang. CMREF 1 has also acquired Patimas Computers Berhad's headquarters in Technology Park Malaysia, underwritten two residential condominium projects in Kuala Lumpur, and invested in REITs in Malaysia.

As a Developer and Investor

Mapletree Group has successfully master-planned and undertaken the development of various integrated mixed-use projects in Singapore and Asia.

In Singapore, one of Mapletree Group's earliest successes was the transformation of the 24 hectare HarbourFront Precinct [1] from an area consisting of exhibition halls, warehouses, an office building and vacant plots of land into an integrated business and lifestyle hub with VivoCity as its centrepiece. VivoCity, the largest retail and lifestyle destination in Singapore, subsequently anchored the MCT IPO portfolio and was instrumental in its successful listing.

In 2008, MIPL embarked on the redevelopment of three blocks of low-yielding and under-utilised warehouses in the former Alexandra Distripark, located within the 13.5 hectare Alexandra Precinct[2] in Singapore into Mapletree Business City, a modern and integrated office cum business park complex which was completed in 2010 and is running at almost full occupancy of more than 90%.

Mapletree Group is also replicating its expertise in comprehensive mixed-use development in China and Vietnam.

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1 Comprising HarbourFront Centre, HarbourFront Tower One, HarbourFront Two, Keppel Bay Tower, MLHF, VivoCity, St James Power Station and the upcoming Mapletree Lighthouse.

2 Located in the Queenstown Planning Area along Alexandra/Telok Blangah Road and is approximately 10 minutes' drive from the CBD.

One such development in China is the Future City project in Xi'an (Shaanxi, China). Completed in 2011, this integrated mixed-use development comprises four residential towers and the first VivoCity retail mall outside of Singapore, with a total gross floor area of more than 1.8 million sq ft. All 1,368 units of residential apartments that were developed have been sold. VivoCity Xi'an offers a vibrant mix of international and local retail brands, including first-to-market brands such as international apparel giant H&M and cineplex operator Orange Sky Golden Harvest, complemented by dining and entertainment options. As at 1 February 2013, the mall had achieved committed occupancy of 88%.

Another on-going development project in China is the Nanhai Business City in Foshan (Guangdong, China) which is expected to complete in 2014. When completed, the project will comprise a five-storey VivoCity Nanhai retail mall with total gross lettable area of approximately 1.1 million sq ft and a residential development of 2,883 apartments, of which 952 units have been built and 99% of the launched units sold.

Mapletree has also in November 2011 commenced the development of a mixed-use project in the Minhang district at the fringe of Shanghai's core Puxi area. The project will be a joint effort by MIPL and MIC to develop an internationally designed integrated regional business hub with a total gross floor area of approximately 3.2 million sq ft of office space with a retail mall of approximately 1.1 million sq ft. The development is expected to be completed in phases by 2016.

In Vietnam, Mapletree Group is developing the Saigon South Place Complex in Ho Chi Minh City. This 4.4-hectare integrated mixed-use development will offer a 0.7 million sq ft retail mall (SC VivoCity), 1.1 million sq ft of Grade A office space and two towers of internationally-operated serviced apartments on completion.

Awards and Accolades

Testifying to Mapletree's expertise in the full range of real estate development and management along with investment and capital management are a string of notable awards.

Investment and Capital Management		
Award	Awarded By	Company
2012		
Top 3 Asian Deals of 2011 – Global PERE Awards	PEI Media	MIPL
Best Industrial/Warehouse Developer in Singapore	Euromoney's Real Estate Survey	MIPL
2011		
Top 5 Consistent Performing Closed-End Private Real Estate Fund Managers	Preqin	MIPL
2008		
Liquid Real Estate Awards 2008 – 1st (Investment Management in Vietnam)	Euromoney, UK	MIPL
Liquid Real Estate Awards 2008 – 2nd (Investment Management in China)	Euromoney, UK	MIPL

Building Excellence		
Award	Awarded By	Property
2012		
Construction Excellence Award (Commercial/Mixed Development Buildings)	BCA	MBC
2011		
Universal Design (Silver) Award	BCA	MBC
2010		
URA Architectural Heritage Award	Urban Redevelopment Authority, Singapore	St James Power Station
Construction Excellence Award – Certificate of Merit	BCA	The Beacon

Business Sustainability		
Award	Awarded By	Company/Property
2012		
FIABCI Prix d'Excellence Awards 2012 – Runner-up (Green Building category)	Federation Internationale des Administrateurs de Bien-Conselis Immobiliers Singapore (FIABCI)	MBC
Patron of the Arts	National Arts Council (NAC)	MIPL
Energy Efficient Building – Winner (Retrofitted Category)	ASEAN Energy Awards	HarbourFront Centre (HFC)
Energy Efficient Building – 2nd Runner Up (New and Existing Category)	ASEAN Energy Awards	MBC
2011		
Green Mark Platinum Award	BCA	HFC
SIA-NParks Skyrise Greenery Awards – Merit Winner	Singapore Institute of Architects and National Parks Board, Singapore	MBC
LIAS Awards of Excellence 2011 – Gold (Implementation Commercial Category)	Landscape Industry Association Singapore	MBC
Green GOOD DESIGN Award 2011 (Green Architecture Category)	The European Centre for Architecture Art Design and Urban Studies and The Chicago Athenaeum	MBC
FIABCI Singapore Property Awards (Sustainable Development Category)	FIABCI	MBC
Green Mark Platinum Award (Office Interior)	BCA	MIPL

Business Sustainability		
Friend of Water	PUB, Singapore	Bank of America Merrill Lynch HarbourFront (MLHF)
Social Enterprise Association Corporate Award	Social Enterprise Association	VivoCity
2010		
Green Mark Gold Award	BCA	Alexandra Retail Centre (ARC)
Water Efficient Building Certification	PUB, Singapore	HarbourFront Tower One and Two
MIPIM Asia Awards – Top Three Green Buildings	Marche Internationale de Professional d'Im Mobilier Asia (MIPIM)	MBC
Trane Energy Efficiency Leader Award	Trane, Singapore	MBC
Friend of the Arts	NAC	MIPL
Green Mark Gold Award	BCA	Tata Communications Exchange (Singapore)
LEED Gold Award	Green Building Certification Institute, US	Tata Communications Exchange
2009		
Green Mark Platinum Award	BCA	Mapletree Anson
Green Mark Platinum Award	BCA	MBC
Friend of the Arts	NAC	MIPL
Green Mark Gold Award	BCA	MLHF
2008		
Friend of the Arts	NAC	MIPL
SIA-NParks Skyrise Greenery Award	Singapore Institute of Architects and National Parks Board, Singapore	VivoCity
2007		
MIPIM Asia Awards – Top Three Finalist (Shopping Centre category)	MIPIM	VivoCity

Retail and Service Quality		
Award	Awarded By	Property
2011		
Singapore Service Class Status	SPRING Singapore	VivoCity
Top 10 Global Must-See Retail Malls	Shopping Centre News, India	VivoCity

Retail and Service Quality		
Expat Living Reader Awards – 3rd place (Shopping Centres)	Expat Living, Singapore	VivoCity
AsiaOne People's Choice Awards – Winner, Best Shopping Centre	AsiaOne, Singapore	VivoCity
2010		
TimeOut 2010 Best of Singapore Awards – Runner-up (Shopping Malls)	TimeOut Magazine, Singapore	VivoCity
AsiaOne People's Choice Awards – Top Three Shopping Centres	AsiaOne, Singapore	VivoCity
Expat Living Reader Awards – Runner-up (Shopping Centres)	Expat Living, Singapore	VivoCity
2009		
AsiaOne People's Choice Awards – Top Three Shopping Centres	AsiaOne, Singapore	VivoCity
Singapore Experience Awards 2009 – Finalist (Best Shopping Experience)	Singapore Tourism Board	VivoCity
2008		
Asia Shopping Centre Awards (Silver) for VivoCity's Sparkling Christmas 2007 programme	International Council of Shopping Centres (ICSC)	VivoCity
Tourism Awards – Winner (Best Shopping Experience – Shopping Mall)	Singapore Tourism Board	VivoCity
2007		
Top 10 Asian Mega-malls	Forbes Traveler	VivoCity

Alliance with Strategic Partners

Mapletree Group has forged alliances with a select group of reputable and strategic partners, with a view to generating synergistic benefits in the long run.

MIPL's alliance with ITOCHU Corporation, a Japanese industrial conglomerate, has yielded results, including facilitating MLT's acquisition of eight logistics assets in Japan and six properties in Hong Kong. ITOCHU Corporation was also an investor in MITP as well as a cornerstone investor of MCT.

The partnership with the CIMB Group, a Malaysian banking group, has also enabled Mapletree to complement its real estate knowledge and expertise with the CIMB Group's extensive Malaysian network and corporate finance capabilities. CMREF 1 is managed by a joint venture between Mapletree Group and the CIMB Group.

THE FORMATION AND STRUCTURE OF MAPLETREE GREATER CHINA COMMERCIAL TRUST

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of MGCCT. The Trust Deed is available for inspection at the registered office of the Manager at 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438 (prior appointment would be appreciated).

THE TRUST DEED

MGCCT is a REIT constituted by the Trust Deed on 14 February 2013 and is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix).

The terms and conditions of the Trust Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require the Manager and/or the Trustee to do.

Operational Structure

MGCCT is established to invest in real estate and real estate-related assets. The Manager must manage MGCCT so that the principal investments of MGCCT are real estate and real estate-related assets (including ownership of companies or other legal entities whose primary purpose is to hold or own real estate and real estate-related assets). MGCCT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets.

MGCCT aims to generate returns for its Unitholders by owning, buying and actively managing such properties in line with its investment strategy (including the selling of any property that has reached a stage that offers only limited scope for growth).

Subject to the restrictions and requirements in the Property Funds Appendix and the Listing Manual, the Manager is also authorised under the Trust Deed to invest in investments which need not be real estate.

The Manager may use certain financial derivative instruments for hedging purposes or efficient portfolio management, provided that (i) such financial derivative instruments are not used to gear MGCCT's overall investment portfolio or are intended to be borrowings of MGCCT and (ii) the policies regarding such use of financial derivative instruments have been approved by the Board.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee.

Each Unit represents an undivided interest in MGCCT. A Unitholder has no equitable or proprietary interest in the underlying assets of MGCCT. A Unitholder is not entitled to the transfer to him of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of MGCCT. A Unitholder's right is limited to the right to require due administration of MGCCT in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee or the Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that he will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the assets of MGCCT (or any part thereof), including all its Authorised Investments (as defined in the Trust Deed), and waives any rights it may otherwise have to such relief. If the Trustee or the Manager breaches or threatens to breach its duties or obligations to the Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere with the rights, powers, authority or discretion of the Manager or the Trustee, exercise any right in respect of the assets of MGCCT or any part thereof or lodge any caveat or other notice affecting the real estate or real estate-related assets of MGCCT (or any part thereof), or require that any Authorised Investments forming part of the assets of MGCCT be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the Manager or the Trustee in respect of Units issued to Unitholders. For so long as MGCCT is listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange (as defined herein) and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or de-listed permanently, the Manager shall pursuant to the Depository Services Terms and Conditions (as defined herein) appoint CDP as the Unit depository for MGCCT, and all Units issued will be represented by entries in the register of Unitholders kept by the Trustee or the agent appointed by the Trustee in the name of, and deposited with, CDP as the registered holder of such Units.

The Manager or the agent appointed by the Manager shall issue to CDP not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued. There are no restrictions under the Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Units and to own Units. The Singapore Code on Take-overs and Mergers applies to REITs. As a result, acquisitions of Units which may result in a change in effective control of MGCCT will be subject to the mandatory provisions of the Singapore Code on Take-overs and Mergers, such as a requirement to make a general offer for Units.

Issue of Units

The following is a summary of the provisions of the Trust Deed relating to the issue of Units.

Subject to the following sub-paragraphs (1), (2) and (3) below and to such laws, rules and regulations as may be applicable, for so long as MGCCT is listed, the Manager may issue Units on any Business Day at an issue price equal to the "market price", without the prior approval of the Unitholders. For this purpose, "market price" shall mean:

(i) (subject to paragraphs (ii) and (iii) below) the volume weighted average price for a Unit for all trades on the SGX-ST, or such other Recognised Stock Exchange on which MGCCT is listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day;

(ii) if the Manager believes that the calculation in paragraph (i) above does not provide a fair reflection of the market price of a Unit (which may include, among others, instances where

the trades on the Units are very low or where there is disorderly trading activity in the Units), an amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair market price of a Unit; or

(iii) (in relation to the issue of Units to the Manager and the Property Manager as payment of the management fee and property management fee respectively) the volume weighted average price for a Unit for all trades on the SGX-ST, or such other Recognised Stock Exchange on which MGCCT is listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding:

(A) (in relation to the Base Fee and the property management fee) the end of the relevant financial quarter for which such Base Fee and the property management fee relates to; or

(B) (in relation to the Performance Fee) the end of the relevant financial year for which such Performance Fee relates to.

(1) The Manager shall comply with the Listing Rules in determining the issue price, including the issue price for a rights issue on a pro rata basis to all existing Unitholders, the issue price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Unitholders and the issue price for any reinvestment or distribution arrangement.

(2) Where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by MGCCT in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the issue price of a Unit so issued as full or partial consideration shall be the same as the issue price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.

(3) The scope of the general mandate to be given in a general meeting of the Unitholders is limited to the issue of an aggregate number of additional Units which must not exceed 50.0% of the total number of Units in issue, of which the aggregate number of additional Units to be issued other than on a pro rata basis to the existing Unitholders must not exceed 20.0% of the total number of Units in issue as at the date of the approval.

Unit Issue Mandate

By subscribing for the Units under the Offering, investors are (A) deemed to have approved the issuance of all Units comprised in the Offering, the Sponsor Units and the Cornerstone Units and (B) deemed to have given the authority (the "**Unit Issue Mandate**") to the Manager to:

(i) (a) issue Units whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(ii) issue Units in pursuance of any Instrument made or granted by the Manager while the Unit Issue Mandate was in force (notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time such Units are issued),

provided that:

(A) the aggregate number of Units to be issued pursuant to the Unit Issue Mandate (including Units to be issued in pursuance of Instruments made or granted pursuant to the Unit Issue Mandate) must not exceed 50.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders must not exceed 20.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below):

(B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) after completion of the Offering, after adjusting for any subsequent bonus issue, consolidation or subdivision of Units;

(C) in exercising the Unit Issue Mandate, the Manager shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);

(D) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by the Unit Issue Mandate shall continue in force until (i) the conclusion of the first annual general meeting of MGCCT or (ii) the date by which the first annual general meeting of MGCCT is required by applicable regulations to be held, whichever is earlier;

(E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time the Instruments or Units are issued; and

(F) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of MGCCT to give effect to the authority conferred by the Unit Issue Mandate.

Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Manual, suspend the issue of Units during:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;

- the existence of any state of affairs which, in the opinion of the Manager or, as the case may be, the Trustee, might seriously prejudice the interests of the Unitholders as a whole or the Deposited Property;

- any breakdown in the means of communication normally employed in determining the price of any assets of MGCCT or (if relevant) the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of MGCCT cannot be promptly and accurately ascertained;

- any period when remittance of money which will or may be involved in the realisation of any asset of MGCCT or in the payment for such asset of MGCCT cannot, in the opinion of the Manager, be carried out at normal rates of exchange;

- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS or any other relevant regulatory authority;

- in relation to any general meeting of Unitholders, the 48-hour period before such general meeting or any adjournment thereof; or

- when the business operations of the Manager or the Trustee in relation to MGCCT are substantially interrupted or closed as a result of, or arising from, nationalisation, expropriation, currency restrictions, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or fission or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager or the Trustee (as the case may be) and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the Manager or the Trustee (as the case may be).

In the event of any suspension while MGCCT is listed on the SGX-ST, the Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST.

Redemption of Units

The Trust Deed provides that any redemption of Units will be carried out in accordance with the Property Funds Appendix, the rules of the Listing Manual (if applicable) and all other applicable laws and regulations. With respect to any terms which are necessary to carry out such redemption but are not prescribed by the Property Funds Appendix, the rules in the Listing Manual and any laws and regulations, these terms shall be determined by mutual agreement between the Manager and the Trustee.

For so long as the Units are listed on the SGX-ST, the Unitholders have no right to request the Manager to repurchase or redeem their Units while the Units are listed on the SGX-ST and/or any other Recognised Stock Exchange. It is intended that the Unitholders may only deal in their listed Units through trading on the SGX-ST.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

- receive income and other distributions attributable to the Units held;

- receive audited accounts and the annual reports of MGCCT; and

- participate in the termination of MGCCT by receiving a share of all net cash proceeds derived from the realisation of the assets of MGCCT less any liabilities, in accordance with their proportionate interests in MGCCT.

No Unitholder has a right to require that any asset of MGCCT be transferred to him.

Further, Unitholders cannot give any directions to the Trustee or the Manager (whether at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- MGCCT ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of (i) the Trustee, (ii) the Manager, or (iii) both the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of MGCCT in the event that the liabilities of MGCCT exceed its assets.

Under the Trust Deed, every Unit carries the same voting rights.

Amendments of the Trust Deed

Approval of Unitholders by an Extraordinary Resolution will be obtained for any amendment of the Trust Deed unless the Trustee certifies, in its opinion, that such amendment:

- does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders;
- is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or
- is made to remove obsolete provisions or to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Notwithstanding any of the above, the Manager and the Trustee may, with the written approval of the competent authorities, alter certain provisions in the Trust Deed relating to the use of derivatives.

Meeting of Unitholders

Under applicable law and the provisions of the Trust Deed, MGCCT will not hold any meetings for Unitholders unless the Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or Unitholders representing not less than 10.0% of the total Units issued requests a meeting to be convened. In addition, MGCCT is required to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, but so long as MGCCT holds its first annual general meeting within 18 months of its constitution, it need not hold it in the year of its constitution or the following year. Furthermore, the Trust Deed shall comply with paragraph 4 of the Property Funds Appendix. MGCCT's first annual general meeting will be in respect of the financial period ending 31 March 2014.

A meeting of Unitholders when convened may, by Extraordinary Resolution and in accordance with the provisions of the Trust Deed:

- sanction any modification, alteration or addition to the Trust Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed;
- sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Manager's management fees, acquisition fee and divestment fee and the Trustee's fee;
- remove the auditors and appoint other auditors;
- remove the Trustee;
- direct the Trustee to take any action pursuant to Section 295 of the SFA; and
- delist MGCCT after it has been listed.

A meeting of Unitholders may, also by an Ordinary Resolution of Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, vote to remove the Manager (with the Manager and its related parties being permitted to vote).

Any decision to be made by resolution of Unitholders other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code or the Listing Manual.

Except as otherwise provided for in the Trust Deed, and save for extraordinary resolutions (which requires at least 21 days' notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given), at least 14 days' notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unitholders in the manner provided in the Trust Deed. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such special business.

The quorum at a meeting shall not be less than two Unitholders present in person or by proxy holding or representing one-tenth in value of all the Units for the time being in issue.

Subject to the prevailing listing rules by the SGX-ST, voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the meeting, or by five or more Unitholders present in person or by proxy, or holding or representing one tenth in value of all the Units represented at the meeting. Unitholders do not have different voting rights on account of the number of votes held by a particular Unitholder. On a show of hands, every Unitholder has one vote. On a poll, every Unitholder has one vote for each Unit of which it is the Unitholder. The Trust Deed does not contain any limitation on non-Singapore resident or foreign Unitholders holding Units or exercising the voting rights with respect to their unitholdings.

Neither the Manager nor any of its Associates shall be entitled to vote or be counted as part of a quorum at a meeting convened to consider a matter in respect of which the Manager or any of its Associates has a material interest save for an Ordinary Resolution duly proposed to remove the Manager, in which case, no Unitholder shall be disenfranchised.

For so long as the Manager is the manager of MGCCT, the controlling shareholders (as defined in the Listing Manual) of the Manager and of any of its Associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its Associates have a material interest.

DECLARATION OF UNITHOLDINGS

Duty of Manager to Make Disclosure

Pursuant to Section 137ZC of the SFA, where the Manager acquires or disposes of interests in Units or debentures or units of debentures of MGCCT, or the Manager has been notified in writing by, among others, a Substantial Unitholder or director or Chief Executive Officer of the Manager pursuant to the unitholdings disclosure requirements of the SFA as set out below, the Manager shall announce such information via SGXNET and in such form and manner as the Authority may prescribe as soon as practicable and in any case no later than the end of the Business Day following the day on which the Manager became aware of the acquisition or disposal or received the notice.

Substantial Unitholdings

Pursuant to Sections 135 to 137B of the SFA (read with Section 137U of the SFA), Substantial Unitholders are required to notify the Manager and the Trustee within two Business Days after becoming aware of their becoming a Substantial Unitholder, any subsequent change in the percentage level of their interest(s) in Units (rounded down to the next whole number) or their ceasing to be a Substantial Unitholder.

Directors and Chief Executive Officer of the Manager

Pursuant to Section 137Y of the SFA, directors and chief executive officer of the Manager are required to, within two Business Days, notify the Manager of their acquisition of interest in Units or of changes to the number of Units which they hold or in which they have an interest.

A director of the Manager is deemed to have an interest in Units in the following circumstances:

- Where the director is the beneficial owner of a Unit (whether directly through a direct Securities Account (as defined herein) or indirectly through a depository agent or otherwise).

- Where a body corporate is the beneficial owner of a Unit and the director is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate.

- Where the director's (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 18 years has any interest in a Unit.

- Where the director, his (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 18 years:

  – has entered into a contract to purchase a Unit;

  – has a right otherwise than by reason of having an interest under a trust to have a Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;

– has the right to acquire a Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or

– is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of Unitholders) to exercise or control the exercise of a right attached to a Unit, not being a Unit of which any of them is the holder.

- Where the property subject to a trust consists of or includes a Unit and the director knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Unit.

THE TRUSTEE

The trustee of MGCCT is DBS Trustee Limited. The Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the date of this Prospectus, the Trustee has a paid-up capital of S$2.5 million. The Trustee's registered office is located at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

The Trustee is independent of the Manager.

Powers, Duties and Obligations of the Trustee

The Trustee's powers, duties and obligations are set out in the Trust Deed. The powers and duties of the Trustee include:

- acting as trustee of MGCCT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of MGCCT with a Related Party of the Manager or MGCCT are conducted on normal commercial terms, are not prejudicial to the interests of MGCCT and the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

- holding the assets of MGCCT on trust for the benefit of the Unitholders in accordance with the Trust Deed; and

- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of MGCCT.

The Trustee has covenanted in the Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the Trustee may (on the recommendation of the Manager) and subject to the provisions of the Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Trustee may, subject to the provisions of the Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and

- any real estate agents or managers, including a Related Party of the Manager, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

Subject to the Trust Deed and the Property Funds Appendix, the Manager may direct the Trustee to borrow or raise money or obtain other financial accommodation for the purposes of MGCCT, both on a secured and unsecured basis.

The Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, any tax ruling and all other relevant laws. It must retain MGCCT's assets, or cause MGCCT's assets to be retained, in safe custody and cause MGCCT's accounts to be audited. Pursuant to the Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any Related Party of the Trustee) in relation to the whole or any part of MGCCT's assets. It can appoint valuers to value the real estate assets and real estate-related assets of MGCCT.

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the assets of MGCCT over which the Trustee has recourse, provided that the Trustee has acted without fraud, gross negligence, wilful default or breach of the Trust Deed. The Trust Deed contains certain indemnities in favour of the Trustee under which it will be indemnified out of the assets of MGCCT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and Replacement

The Trustee may retire or be replaced under the following circumstances:

- The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Trust Deed).

- The Trustee may be removed by notice in writing to the Trustee by the Manager:

  – if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee;

  – if the Trustee ceases to carry on business;

  – if the Trustee fails or neglects after reasonable notice from the Manager to carry out or satisfy any material obligation imposed on the Trustee by the Trust Deed;

  – if an Extraordinary Resolution is passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed, and of which not less than 21 days' notice has been given to the Trustee and the Manager, shall so decide; or

  – if the MAS directs that the Trustee be removed.

Trustee's Fee

The Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The actual fee payable to the Trustee will be determined between the Manager and the Trustee from time to time (subject to the maximum permitted amount under the Trust Deed), and is presently charged on a scaled basis of up to 0.02% per annum of the Deposited Property.

The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.

Any increase in the maximum permitted amount or any change in the structure of the Trustee's fee must be approved by an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

TERMINATION OF MGCCT

Under the provisions of the Trust Deed, the duration of MGCCT shall end on:

- such date as may be provided under written law;
- the date on which MGCCT is terminated by the Manager in such circumstances as set out under the provisions of the Trust Deed as described below; or
- the date on which MGCCT is terminated by the Trustee in such circumstances as set out under the provisions of the Trust Deed as described below.

The Manager may in its absolute discretion terminate MGCCT by giving notice in writing to all Unitholders and the Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue MGCCT;
- if the NAV of the Deposited Property shall be less than S$50.0 million after the end of the first anniversary of the date of the Trust Deed or any time thereafter; and
- if at any time MGCCT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, MGCCT may be terminated by the Trustee by notice in writing in any of the following circumstances:

- if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Manager or if any encumbrance, shall take possession of any of its assets or if it shall cease business and the Trustee fails to appoint a successor manager in accordance with the provisions of the Trust Deed;
- if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue MGCCT; or
- if within the period of three months from the date of the Trustee expressing in writing to the Manager the desire to retire, the Manager shall have failed to appoint a new trustee in accordance with the provisions of the Trust Deed.

The decision of the Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate MGCCT pursuant to the paragraph above or otherwise. The Manager shall accept the decision of the Trustee and relieve the Trustee of any liability to it and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of MGCCT, the Trustee shall, subject to any authorisations or directions given to it by the Manager or the Unitholders pursuant to the Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of MGCCT in accordance with the Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of MGCCT before distributing the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in MGCCT.

CERTAIN AGREEMENTS RELATING TO MAPLETREE GREATER CHINA COMMERCIAL TRUST AND THE PROPERTIES

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of MGCCT. The agreements are available for inspection at the registered office of the Manager at 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438 (prior appointment would be appreciated).

RIGHT OF FIRST REFUSAL AGREEMENT

The Sponsor has on 14 February 2013 granted a right of first refusal to the Trustee for so long as:

- Mapletree Greater China Commercial Trust Management Ltd. or any of its related corporations (as defined in the Companies Act) remains the manager of MGCCT;

- the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the manager of MGCCT; and

- the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of MGCCT,

("**ROFR Period**").

For the purposes of the Sponsor ROFR:

- a "**controlling shareholder**" means:

  – a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting shares of the company; or

  – in fact exercises control over the company;

- a "**controlling unitholder**" in relation to a real estate investment trust means:

  – a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the real estate investment trust; or

  – in fact exercises control over the real estate investment trust;

- a "**Relevant Entity**" means any of the Sponsor and its existing or future subsidiaries (the "**Mapletree Group**") and Future Greater China Commercial Private Funds (being future private funds or follow-on private funds to be set up or managed by any of the Mapletree Group with an investment mandate for commercial properties in Greater China and which, for the avoidance of doubt, exclude MIC and the Proposed New China Fund), and where such subsidiaries or Future Greater China Commercial Private Funds are not wholly-owned by the Sponsor, and whose other shareholder(s) or private fund investor(s) is/are third parties, such subsidiaries or Future Greater China Commercial Private Funds will be subject to the Sponsor ROFR only upon obtaining the consent of the relevant third parties, and in this respect, the Sponsor shall use its best endeavours to obtain such consent. In the event that that the Sponsor is unable to obtain the consent of the relevant third parties for the grant of a right of first refusal by a Future Greater China Commercial Private Fund, the Sponsor will procure that such Future Greater China Commercial Private Fund be subject to the Competitive Process;

- a "**Relevant Asset**" refers to a completed income-producing real estate located in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes) but does not include any seed asset which is proposed to be injected into a Future Greater China Commercial Private Fund in conjunction with the establishment of such Future Greater China Commercial Private Fund. If the Sponsor wishes to acquire any seed asset to be earmarked for injection into a Future Greater China Commercial Private Fund, the Sponsor shall seek the prior written approval of the Transaction Review Committee. If such Future Greater China Commercial Private Fund is not established within a period of two years from the date of completion of the acquisition of such seed asset, the seed asset shall be subject to the Sponsor ROFR.

  Where such real estate is held by a Relevant Entity through a single purpose company, vehicle or entity established solely to own such real estate, the term "**Relevant Asset**" shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term "**Relevant Asset**" shall refer to the ownership share of the Relevant Entity in such real estate.

The Sponsor ROFR shall, from the date the Units are first listed on the SGX-ST and during the ROFR Period, cover any proposed offer (a "**Proposed Offer**") by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity ("**Proposed Disposal**"). If the Relevant Asset is:

- owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to MGCCT is required; or

- owned by the Sponsor's subsidiaries which are not wholly-owned by the Sponsor and whose other shareholder(s) is/are third parties, and if consent from such shareholder(s) to offer the Relevant Asset to MGCCT is required,

the Sponsor shall use its best endeavours to obtain the consent of the relevant third party(ies) or other shareholder(s), failing which the Sponsor ROFR will exclude the disposal of such Relevant Asset.

For the avoidance of doubt, the grant by any Relevant Entity of a lease (including a long term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a Proposed Disposal for the purposes of this paragraph.

The Sponsor ROFR:

- is subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;

- excludes the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement; and

- is subject to any applicable laws, regulations and government policies.

In the event that the Trustee fails to or indicates in writing that it does not wish to exercise the Sponsor ROFR, the Relevant Entity will be free to dispose of the Relevant Asset on terms no more favourable that what was offered to the Trustee. In the case of the latter, however, if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur within 12

months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the Sponsor ROFR.

The Manager understands from the Sponsor that the Sponsor does not intend to have majority ownership of the private funds it establishes and the Sponsor would not have majority control over their investment committees. Further, based on the Sponsor's on-going interactions with private fund investors, such investors may not be willing to give a right of first refusal to any party. This is because private fund investors are focused on getting the highest possible divestment price and view rights of first refusal as discouraging potential buyers of the assets owned by the private funds. See also "The Manager and Corporate Governance – Corporate Governance of the Manager – Potential Conflicts of Interest – Sponsor Non-Compete Undertaking" for further details of the undertaking provided by the Sponsor that (i) it will not set up another private fund with the same investment mandate and risk-return profile as MGCCT and (ii) in the event that the Sponsor is unable to obtain the consent of the relevant third parties for the grant of a right of first refusal by a Future Greater China Commercial Private Fund pursuant to the Sponsor ROFR, the Sponsor will procure that the Future Greater China Commercial Private Fund be subject to the Competitive Process.

MIC is not able to provide the right of first refusal as it has already been established and the various agreements and documents entered into or issued when MIC was established do not contain any provisions which would allow MIC to be subject to any right of first refusal. Similarly, the Proposed New China Fund had commenced its marketing process without any right of first refusal provisions and so will not grant a right of first refusal to MGCCT but it will be subject to the Transaction Review Committee and the Competitive Process. The risk profiles of MIC, the Proposed New China Fund and MGCCT are different.

SHARE PURCHASE AGREEMENTS

Claymore Limited

On 14 February 2013, the Trustee entered into the Claymore Share Purchase Agreement with CM Assets Ltd. (as amended by a supplemental agreement dated 27 February 2013), as the seller of the shares in Claymore Limited, pursuant to which the Trustee has agreed to acquire all the shares of Claymore Limited from CM Assets Ltd. at a purchase price (the "**Claymore Consideration**") equivalent to the total of:

(a) the net asset value of Claymore Limited and its subsidiaries (being Festival Walk Holdings Limited and Festival Walk (2011) Limited), which refers to the total tangible assets (excluding the property value of Festival Walk) less total liabilities of the group of companies as at the date of completion of the Claymore Share Purchase Agreement as shown in the completion accounts which shall be prepared and agreed between the Trustee and CM Assets Ltd.; and

(b) a variable amount for purposes of computing the property value[1] of Festival Walk which is based on the final Offering Price determined in accordance with the table below, subject to a minimum amount of HK$19.85 billion and a maximum amount of HK$20.7 billion:

Offering Price (S$)	Property Value (HK$ million)
0.88	19,850
0.89	20,020
0.90	20,190
0.91	20,360
0.92	20,530
0.93	20,700

It is intended that the acquisition of Claymore Limited will be completed on the Listing Date.

The Claymore Consideration is to be paid fully in cash on the completion of the Claymore Share Purchase Agreement.

The Claymore Share Purchase Agreement provided, *inter alia*, for:

- certain conditions precedent prior to completion which include the successful completion of the initial public offering of the Units, and the authorisation by the MAS of MGCCT as a collective investment scheme under the SFA not having been revoked (other than the condition that the purchase of the shares in Claymore Limited pursuant to the Claymore Share Purchase Agreement be completed);
- certain customary representations and warranties made by CM Assets Ltd. as seller in respect of the shares in Claymore Limited and its subsidiaries as well as the Festival Walk property with certain limitations on the liability of CM Assets Ltd., such as MGCCT being able to claim against CM Assets Ltd. only if there is a breach in warranty which exceeds HK$600,000 (together with the aggregate amount of any other or previous claims but excluding the costs and expenses of enforcement) and limitation periods (whereby no proceedings shall be commenced by or on behalf of MGCCT in relation to the representations and warranties later than three years from the date of completion of the transaction);
- CM Assets Ltd. to indemnify MGCCT and any of Claymore Limited and its subsidiaries from and against any and all losses, liabilities, costs (including legal costs and fees of experts and consultants), charges, expenses, actions, proceedings, claims and demands which it may at any time and from time to time sustain, incur or suffer by reason of any breach of any representation, warranty or undertaking given by CM Assets Ltd. under the Claymore Share Purchase Agreement (subject to the claim limitations described above); and
- CM Assets Ltd. to indemnify MGCCT against CM Assets Ltd.'s tax liability as a seller in relation to the sale of the shares in Claymore Limited to the Trustee (subject to the claim limitations described above).

CM Assets Ltd.'s liability under the Claymore Share Purchase Agreement is limited to 15% of the Claymore Consideration, which is in line with market practice for such transactions in Hong Kong was commercially agreed, having taken into account (i) the value of the Claymore Consideration, (ii) the Manager's due diligence findings on Claymore Limited and its subsidiaries and Festival

1 For the avoidance of doubt, the reference to "property value" is a reference to the amount (or value) agreed between MGCCT and the Vendor to be used for determining the purchase consideration and is not a reference to the independent valuation of Festival Walk. The purchase price is not expected to be at a premium to the independent valuations of Festival Walk.

Walk, (iii) that the companies and Festival Walk have been managed by the Sponsor since acquiring the same, and (iv) that the same group of personnel currently managing the companies and Festival Walk will continue to manage the companies and Festival Walk after the IPO.

Beijing Gateway Plaza (Cayman) Ltd.

On 14 February 2013, the Trustee entered into the Beijing Gateway Share Purchase Agreement with MIC (as amended by a supplemental agreement dated 27 February 2013), as the seller of the shares in Beijing Gateway Plaza (Cayman) Ltd., pursuant to which the Trustee agreed to acquire all the shares of Beijing Gateway Plaza (Cayman) Ltd. from MIC on the Listing Date.

The Trustee and MIC agree that the purchase price ("**Beijing Gateway Consideration**") for the acquisition shall be an amount equivalent to the total of:

(a) the net asset value of Beijing Gateway Plaza (Cayman) Ltd. and its subsidiaries (being HK Gateway Plaza Company Limited and Gateway Plaza Property Operations (Beijing) Limited), which refers to the total tangible assets (excluding the property value of Gateway Plaza) less total liabilities of the group of companies as at the date of completion of the Beijing Gateway Share Purchase Agreement as shown in the completion accounts which shall be prepared and agreed between the Trustee and MIC; and

(b) the property value of Gateway Plaza which shall be a value of RMB5.15 billion.

The Beijing Gateway Share Purchase Agreement provided, *inter alia*, for:

- certain conditions precedent prior to completion which include there being a sum equivalent to or more than RMB264,860,000 deposited in the frozen account and MIC as seller having confirmed the same (with documentary evidence) to the Trustee as well as the successful completion of the initial public offering of the Units, and the authorisation by the MAS of MGCCT as a collective investment scheme under the SFA, not having been revoked (other than the condition that the purchase of the shares in Beijing Gateway Plaza (Cayman) Ltd. pursuant to the Beijing Gateway Share Purchase Agreement be completed);

- certain customary representations and warranties made by MIC as seller in respect of the shares in Beijing Gateway Plaza (Cayman) Ltd. and its subsidiaries as well as the Gateway Plaza property with certain limitations on the liability of MIC, such as MGCCT being able to claim against MIC only if there is a breach in warranty which exceeds RMB2,500,000 (together with the aggregate amount of any other or previous claims but excluding the costs and expenses of enforcement) and limitation periods (whereby no proceedings shall be commenced by or on behalf of MGCCT in relation to the representations and warranties later than three years from the date of completion of the transaction);

- MIC to indemnify MGCCT and any of Beijing Gateway Plaza (Cayman) Ltd. and its subsidiaries from and against any and all losses, liabilities, costs (including legal costs and fees of experts and consultants), charges, expenses, actions, proceedings, claims and demands which it may at any time and from time to time sustain, incur or suffer by reason of any breach of any representation, warranty or undertaking given by MIC under the Beijing Gateway Share Purchase Agreement (subject to the claim limitations described above);

- MIC to indemnify MGCCT against MIC's tax liability as a seller in relation to the sale of the shares in Beijing Gateway Plaza (Cayman) Ltd. to the Trustee (subject to the claim limitations described above); and

- MIC to indemnify MGCCT against any losses, liabilities, costs (including legal costs and fees of experts and consultants), charges, expenses, actions, proceedings, claims and demands (which, for the avoidance of doubt, is not subject to the claim limitations described above) that may be suffered by MGCCT with regard to the Litigation Action, the Pending Appeal and the Beijing Representative Office.

MIC's liability under the Beijing Gateway Share Purchase Agreement is limited to 10% of the Beijing Gateway Consideration which is in line with market practice for such transactions in the PRC was commercially agreed, having taken into account (i) the value of the Beijing Gateway Consideration (ii) the Manager's due diligence findings on Beijing Gateway Plaza (Cayman) Ltd and its subsidiaries and Gateway Plaza, (iii) that the companies and Gateway Plaza have been managed by the Sponsor since acquiring the same, and (iv) that the same group of personnel currently managing the companies and Gateway Plaza will continue to manage the companies and Gateway Plaza after the IPO.

In connection with the Beijing Gateway Share Purchase Agreement, HK Gateway Plaza Company Limited, Beijing Gateway Plaza (Cayman) Ltd. and MIC shall agree that, pending the receipt of a final and binding judgment or ruling issued by a competent court of the PRC with respect to the Litigation Action, the Pending Appeal and the lifting of the bank account freezing order, HK Gateway shall hold the sum of RMB264,860,000 currently deposited into the frozen account in trust for MIC. If HK Gateway is successful in the Litigation Action and the Pending Appeal, HK Gateway shall pay the said sum to MIC. Should the Litigation Action and the Pending Appeal be resolved in Bestride's favour instead, HK Gateway shall pay the said sum of RMB264,860,000 from the frozen account to the claimant in accordance with the directions set out in the final and binding judgment or ruling and MIC shall have no claim whatsoever against HK Gateway in respect of the same. The holding of the sum of RMB264,860,000 is over and above the indemnity described above.

MASTER PROPERTY MANAGEMENT AGREEMENT

The Properties which comprise the IPO Portfolio of MGCCT and any properties subsequently acquired by MGCCT, whether such properties are directly or indirectly held by MGCCT, or are wholly or partly owned by MGCCT will be managed by the Property Manager in accordance with the terms of the Master Property Management Agreement.

The Master Property Management Agreement was entered into on 14 February 2013 by the Trustee, the Manager and the Property Manager pursuant to which the Property Manager was appointed to operate, maintain, manage and market all the properties of MGCCT, subject to the overall management and supervision by the Manager and the terms and conditions of the Master Property Management Agreement.

The initial term of the Master Property Management Agreement is five years from the Listing Date.

Six months prior to expiry of the initial term of the Master Property Management Agreement, the Property Manager may request to extend its appointment for a further term of five years on the same terms and conditions, except for the revision of all fees payable to the Property Manager to the prevailing market rates.

Two months before expiry of the initial term, the Trustee will, on the recommendation of the Manager, decide the prevailing market rates for the extension term. If the Property Manager disagrees with the Trustee's decision on the prevailing market rates for the extension term, this will be referred to an expert (who shall act as an expert and not as an arbitrator) and the expert's determination of the prevailing market rates shall be final and binding on the Manager, the Trustee, the Property Manager and the relevant SPV holding the property.

The Trustee shall, agree to extend the appointment of the Property Manager for the extension term, on the revised fees determined as aforesaid provided that such extension shall be subject to the approval of the Unitholders if such approval is required pursuant to any applicable legislation or regulations.

The Trustee shall not be obliged to extend the appointment of the Property Manager if the above conditions are not fulfilled.

Property Manager's Services

The services provided by the Property Manager for each property under its management include the following:

- property management services, recommending third party contracts for provision of property maintenance services, supervising the performance of contractors, ensuring compliance with building and safety regulations, coordinating tenants' fitting-out requirements, administration of rental collection, management of rental arrears, and administration of all property tax matters, arranging for adequate insurances;

- marketing services, including managing public relations, initiating lease renewals and negotiation of terms; and

- project management services in relation to the development or redevelopment (unless otherwise prohibited by the Property Funds Appendix or any other laws or regulations), the refurbishment, retrofitting and renovation works to a property, including recommendation of project budget and project consultants, and supervision and implementation of the project.

Fees

Under the Master Property Management Agreement, the Property Manager is entitled to the fees set out below, to be borne out of the Deposited Property, for each property under its management. The Manager may elect to pay such fees in cash, Units or a combination of both (as the Manager may in its sole discretion determine).

Property Management Fees

For property management services rendered by the Property Manager, the Trustee will pay the Property Manager for each such property:

(i) a fee of 2.0% per annum of the Gross Revenue of the relevant property (calculated before accounting for business tax for properties located in the PRC[1]);

(ii) a fee of 2.0% per annum of the Net Property Income of the relevant property (calculated before accounting for the property management fee in that financial period); and

(iii) where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20.0% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider[2]. Such services shall include, but are not limited to, master planning work, retail planning work and environmental impact studies.

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1 There is no equivalent business tax in Hong Kong.

2 For the avoidance of doubt, the 20.0% fee payable to the Property Manager is over and above the fees payable to such third party service provider.

Marketing Services Commissions

In respect of any marketing services provided by the Property Manager, the Property Manager shall be entitled to receive from the Trustee, the following commissions:

(i) up to one month's gross rent inclusive of service charge, for securing a tenancy of three years or less;

(ii) up to two months' gross rent inclusive of service charge, for securing a tenancy of more than three years;

(iii) up to 0.5 month's gross rent inclusive of service charge, for securing a renewal of tenancy of three years or less; and

(iv) up to one month's gross rent inclusive of service charge, for securing a renewal of tenancy of more than three years.

For the avoidance of doubt, the Property Manager is not entitled to any marketing services commissions if such service is (i) performed by staff of any of the asset holding companies of MGCCT or (ii) performed by third party service providers. However, where any marketing services are provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20.0% of all fees payable to such third party service provider as further elaborated in the above paragraph relating to the property management fee.

Project Management Services Fees

For project management services, the Trustee will pay the Property Manager a project management fee to be mutually agreed in writing between the Manager, the Trustee and the Property Manager for the development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on a property, subject to:

(i) a limit of up to 3.0% of the total construction costs[1]; and

(ii) (in the event that the project management fee is more than S$100,000) an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and reasonable range.

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1 "**Total construction costs**" means:

(i) construction cost based on the project final account prepared by the project quantity surveyor;

(ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;

(iii) the cost of obtaining all approvals for the project;

(iv) site staff costs;

(v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices; and

(vi) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices.

Festival Walk Staff Costs Reimbursement

The Property Manager takes over the centre management team of Festival Walk and also employs the persons to run The Glacier (which is the ice rink business of Festival Walk). The Property Manager is entitled (i) to be reimbursed for the cost of employing the centre management team of Festival Walk and the persons to run The Glacier (which is the ice rink business of Festival Walk) and (ii) to receive an administrative cost based on a margin of 3.0% of such employment cost. [1] This payment shall be made to the Property Manager in cash.

Reimbursable Amounts

In addition to its fees, the Property Manager will be fully reimbursed for each property under its management for the Agreed Employee Expenditure (being the employment and remuneration costs of the team of employees of the Property Manager as approved in the annual business plan and budget for each Property) incurred for each month.

Expenses

The Property Manager is authorised to utilise funds deposited in operating accounts maintained in the name of the Trustee and to make payment for all costs and expenses incurred in the operation, maintenance, management and marketing of each property within each annual budget approved by the Trustee on the recommendation of the Manager.

Provision of Office Space

Where applicable, the Trustee shall permit employees of the Property Manager engaged to manage a property to occupy suitable office space at such property (as approved by the Trustee on the recommendation of the Manager) without the Property Manager being required to pay any rent, service charge, utility charges or other sums.

Termination

The Trustee or the Manager may terminate the appointment of the Property Manager in relation to all the properties of MGCCT under the management of the Property Manager on the occurrence of certain specified events, which include the liquidation or cessation of business of the Property Manager.

The Trustee or the Manager may also terminate the appointment of the Property Manager specifically in relation to a property under its management in the event of the sale of such property, but the Master Property Management Agreement will continue to apply with respect to the remaining properties managed by the Property Manager under the terms of the Master Property Management Agreement.

In addition, if the Property Manager or Trustee or the Manager, within 90 days of receipt of written notice, fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property, the party who is not in breach may terminate the appointment of the Property Manager in relation only to the property in respect of which the breach relates, upon giving 30 days' written notice to the party in breach.

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1 The Property Manager is not in the position to unilaterally increase employment costs to its benefit since the total employment costs to be reimbursed to the Property Manager in any fiscal year have to be set out in the annual business plan and budget for Festival Walk to be pre-approved by the Trustee and the Manager before the start of that relevant fiscal year.

On the termination of the appointment of the Property Manager, the Manager shall, as soon as practicable, procure the appointment of a replacement property manager for the affected property.

Assignability

The Trustee and the Manager are entitled to novate their respective rights, benefits and obligations under the Master Property Management Agreement to a new trustee of MGCCT or a new manager of MGCCT appointed in accordance with the terms of the Trust Deed. With the approval of the Trustee, whose approval shall not be unreasonably withheld, the Property Manager may novate its respective rights, benefits and obligations under the Master Property Management Agreement to any wholly-owned direct or indirect subsidiary of Mapletree Investments Pte Ltd.

Exclusion of Liability

In the absence of fraud, negligence, wilful default or breach of the Master Property Management Agreement by the Property Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Master Property Management Agreement.

In addition, the Trustee shall indemnify the Property Manager against any actions, costs, claims, damages, expenses or demands to which it may suffer or incur as Property Manager, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, wilful default or breach of the Master Property Management Agreement by the Property Manager, its employees or agents.

No Restriction on Property Manager

The Property Manager may provide services similar to those contemplated under the Master Property Management Agreement to other parties operating in the same or similar business as MGCCT, or in other businesses.

Third Party Service Providers

The Property Manager will continue with the existing third party service providers who are performing certain property management services for Festival Walk and Gateway Plaza. These property management services include advertising, landscaping, maintenance, pest control and tenancy administration. The respective agreements with these third party service providers contain the customary provisions, including termination for fault and for no-fault, as well as the right to supervise or audit and to grant approval prior to various acts of the relevant service provider. The Property Manager may continue to engage third party service providers to perform certain property management services provided that the Property Manager will only be entitled to charge such fees as stated in "Overview – Certain Fees and Charges" in connection with on-going management and operation of MGCCT in relation to the property management fees.

LICENCE AGREEMENT

On 14 February 2013, the Trustee entered into the Licence Agreement with the Sponsor to allow MGCCT to, among others, use the trade marks in connection with the business of MGCCT until Mapletree Greater China Commercial Trust Management Ltd. ceases to be the manager of MGCCT or the Sponsor ceases to be a shareholder of the Manager. The Trustee shall pay the Sponsor a nominal consideration for such right to use the trade marks.

OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN HONG KONG AND THE PEOPLE'S REPUBLIC OF CHINA

RELEVANT LAWS AND REGULATIONS IN HONG KONG

General

The legal system of Hong Kong upholds the principle of the rule of law and the independence of the judiciary. Under the concept of "one country, two systems", Hong Kong enjoys a high degree of autonomy and its legal system is fundamentally separate from that of the PRC. Under Article 6 of the Basic Law of the Hong Kong Special Administrative Region, which is Hong Kong's constitution, the Hong Kong Special Administrative Region shall protect the right of private ownership of property in accordance with law.

In general, proprietary rights of land owners over real estate in Hong Kong are protected under Hong Kong law which consists of both the Hong Kong legislations and common law decisions.

System of Land Holding in Hong Kong

All land title in Hong Kong is leasehold held under land grants from the Hong Kong Government save and except St. John's Cathedral which is the only freehold property in Hong Kong.

The terms of the government grant vary from short term leases or licences to leases of up to 999 years. Old leases will continue until they expire and may be renewed. Most new leases tend to be granted for terms of 50 years although occasionally they are longer. Leases in various parts of Hong Kong which were due to expire prior to 1997 have been automatically extended through to 30 June 2047 without the requirement for any additional premium paid to the government. In the past, rent payable under government grant has ordinarily been nominal but for leases granted after 1 July 1997 the government rent is calculated at a rate of 3% of the rateable value of the property concerned.

Older government grant tended to contain fewer restrictions whereas newer grants usually incorporate extensive development requirements, restrictions and obligations. If a grantee pays the required premium, government rent and complies with the land grant conditions, he is entitled to quiet enjoyment of the land and the Hong Kong Government will not exercise its right of re-entry without a valid cause. Although certain government leases may contain the Hong Kong Government's right of land resumption for public interest, it is only in very exceptional circumstances that privately owned property will be compulsorily acquired by the Hong Kong Government (such as the Mass Transit Railway development). In all such cases, compensation will be paid to the affected owners.

There are no restrictions in Hong Kong over ownership of land. Property in Hong Kong can be owned by any legal entity, whether an individual or a local or overseas corporation. Property transactions in Hong Kong are, however, subject to local tax and stamp duty payment.

Leases/Tenancies in Hong Kong

Land owners are usually free to let out property (whether it is a piece of land or a unit) to a tenant by means of a lease or tenancy agreement although occasionally there may be restrictions in the relevant government grants or mortgages on letting. Leases and tenancies are subject to stamp duty and for leases over a term of three years, they should be registered at the Land Registry in order to obtain priority against third party interest.

Under Hong Kong law, land owners are free to negotiate the terms of the lease with its tenant so long as it does not breach the terms and conditions of the government grant and other governing ordinances or regulations.

Deeds of Mutual Covenant

In Hong Kong, it is common for a number of owners to own collectively both the parcel of land and the building(s) on it. The land and building(s) are held by the co-owners as tenants in common in shares which usually bear some relationship to the size of the individual units held by the various owners within the building(s).

In Hong Kong, the relationship between the co-owners is governed by a document called a deed of mutual covenant (or an instrument of a similar nature), which is an agreement between the co-owners to regulate their co-ownership of the land and building(s) and to provide for the building's effective maintenance and management. A deed of mutual covenant notionally divides the land and building(s) into a number of undivided shares. Some deeds of mutual covenant also provide for management shares to be allocated to each unit for the purpose of calculating a co-owner's contribution to management expenses. Under a deed of mutual covenant, each co-owner is allocated a number of shares which entitle that owner to exclusive use and occupation of the owner's unit(s) to the exclusion of other co-owners and gives each co-owner certain rights and obligations in relation to the use, maintenance and repair of the common parts and facilities of the building(s) to which each co-owner is bound to contribute a proportionate share of the associated costs and expenses by reference to the undivided shares or management shares allocated to its unit. Most deeds of mutual covenant also require a co-owner to pay management fee deposits and make contributions to the management funds before taking possession of its unit and provides for the formation of an owners' committee to speak for the individual owners in all relations between the owners and the manager and to make such decisions as reappointment of the manager, approval of annual budgets and approval of house rules. The deed of mutual covenant usually binds the manager and all the owners of a development and their successors-in-title, regardless of whether they are original parties to the deed of mutual covenant and amendment to the deed of mutual covenant requires the consent of all the existing co-owners and their respective mortgagees.

Compulsory Acquisition

The Hong Kong Government has the power to compulsorily acquire any land in Hong Kong pursuant to the provisions of applicable legislation including, but not limited, to the Lands Resumption Ordinance (Chapter 124 of the Laws of Hong Kong), the Roads (Works, Use and Compensation) Ordinance (Chapter 370 of the Laws of Hong Kong), the Railways Ordinance (Chapter 519 of the Laws of Hong Kong), the Land Acquisition (Possessory Title) Ordinance (Chapter 130 of the Laws of Hong Kong), the Land Drainage Ordinance (Chapter 446 of the Laws of Hong Kong), the Urban Renewal Authority Ordinance (Chapter 563 of the Laws of Hong Kong) and the Mass Transit Railway (Land Resumption and Related Provisions) Ordinance (Chapter 276 of the Laws of Hong Kong).

For compulsory acquisitions of property in Hong Kong, the amount of compensation to be awarded is based on the open market value of a property and will be assessed on the basis prescribed in the respective ordinances.

RELEVANT LAWS AND REGULATIONS IN THE PEOPLE'S REPUBLIC OF CHINA

THE LAND SYSTEM

In the PRC, there are two kinds of land ownership, namely, state ownership and collective ownership. The urban lands are owned by the State and the rural and suburban lands, unless stipulated by laws to be owned by the State, are owned by collectives.

PRC law distinguishes between the ownership of land and the right to use land. Under such system, companies set up by local or foreign investors in PRC can acquire the right to use the land owned by the State for their business purposes.

Lands in the PRC are also categorised by usage. A system of land usage control is implemented under PRC law. According to the Land Administration Law of PRC (中华人民共和国土地管理法) (the "**Land Administration Law**"), effective from 28 August 2004, the State formulates overall planning of land utilisation, whereby lands are categorised as land for agriculture purpose, land for construction purpose (including but not limited to industrial, commercial, tourism, entertainment, commodity housing development) and unexploited land. Land users shall use lands in accordance with approved usage.

According to the Property Law of the PRC (中华人民共和国物权法) (the "**Property Law**"), effective from 1 October 2007, users of land for construction purpose have the rights to in accordance with the laws occupy, use, benefit from and mortgage the land owned by the State and to use such land to construct buildings, structure and facilities.

State-owned land for construction purpose can be further divided into two categories in terms of ways by which the land use right is obtained, that is, granted state-owned land for construction purpose and allocated state-owned land for construction purpose.

Under the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中华人民共和国城镇国有土地使用权出让和转让暂行条例) (the "**Urban Land Regulations**"), the grant of a State-owned land use right refers to the grant of a land use right by the State to a land user for a definite period subject to the payment of a land premium by the land user. Grant of land use right is further discussed in the paragraph titled "Grant of Land Use Right" below.

As defined in the Provisional Rules on Administration of Allocated Land Use Right (划拨土地使用权管理暂行办法), effective 8 March 1992, allocated land use right refers to land use right obtained by any other ways than grant of land use right. Usually the holder of allocated land use right is free from payments of land premium. However, according to the Land Administration Law and the Law of Administration of Urban Real Estate of PRC (中华人民共和国城市房地产管理法) (the "**Urban Real Estate Law**"), which was passed on 5 July 1994 and revised on 30 August 2007, allocation of land use right, subject to approval by the government, applies only when necessary and only to land use for the following purposes:

- land used for government offices and military site;
- land used for urban infrastructures and public welfare;
- land used for power generation, transportation, water resources and other projects which are vigorously supported by the State; and
- land used for other purposes specified by laws and regulations.

In addition to acquisition of land use right, either granted or allocated, directly from competent land authorities, entities may also acquire land use right by means of transfer of land use right by current land users who have obtained land use right. For details please refer to the paragraphs titled "Transfer of Land Use Right" and "Transfer of Properties" below.

GRANT OF LAND USE RIGHT

According to the Urban Real Estate Law, grant of land use right shall be in line with overall planning of land utilisation, urban planning and annual plan on land for construction purpose. Land use right may be granted by agreement, public auction, tender or bidding.

Grant by Public Auction, Tender or Bidding (招标拍卖挂牌出让)

According to the Regulations on the Grant of State-owned Land Use Rights through Competitive Bidding, Public Auction and Public Tender (招标拍卖挂牌出让国有建设用地使用权规定), which was passed by the Ministry of Land and Resources of the PRC on 3 April 2002 and revised on 21 September 2007 and effective from 1 November 2007, grant of lands for operational use (including industrial, commercial, tourism, entertainment and commodity housing development) or a plot of land with two or more prospective purchasers shall be subject to competitive bidding, public auction or public tender. The qualified buyer that offers the highest price is the winner and will sign the land use right grant contract with the competent land authority.

Upon signing of the land use right grant contract for the grant of land use right, the grantee is required to pay the land grant premium in accordance with the terms of the land use right grant contract. Once the land grant premium is paid in full, the grantee may apply for issuance of a State-owned Land Use Right Certificate from the land authority evidencing the grant of land use right.

Grant by Bilateral Agreement (协议出让)

Pursuant to the Regulation on the Grant of Land Use Right Through Bilateral Agreement (协议出让国有土地使用权规定) promulgated by the Ministry of Land Resources, which became effective on 1 August 2003, land use right may be granted by way of a bilateral agreement between the relevant land authority and a grantee only if it is not required by laws, regulations or rules to be granted by means of competitive bidding, public auction or public tender. It is further provided that, if there is only one prospective land user on the plot of land which has been publicly announced to be granted, the land authority may grant the land use rights through a bilateral agreement with the exception of lands for operational use (including but not limited to commercial, tourism, entertainment and commodity housing development). Upon full payment of the land premium, the grantee may apply for registration with the local authority and obtain a State-owned Land Use Certificate evidencing the grant of land use right.

TRANSFER OF LAND USE RIGHT

According to the Property Law and the Provisions on the Administration of Urban Real Estate Transfer (城市房地产转让管理规定) promulgated by the Ministry of Construction on 7 August 1995, as amended on 15 August 2001 ("**Provisions of Real Estate Transfer**"), user of land for construction purpose has the right to transfer, exchange, contribute, donate or mortgage the land use right, unless otherwise provided by PRC law. In case of transfer of land use right, buildings and other fixtures on the land shall be transferred all together.

The term of land use right for the transferred land is the original term granted under the land use right grant contract less the term which has been used by the original grantee/transferor.

A transfer of land use right must be evidenced by a written contract. Upon such transfer, all rights and obligations of the transferor contained in the original contract for the grant of land use right by the State shall be simultaneously transferred to the transferee. The transfer must be duly registered with the relevant local land authority and a new certificate of land use right will be issued and the original land use certificate of land use right will be surrendered.

Under the Urban Real Estate Law, transfer of land use right acquired by way of grant shall by subject to the following pre-conditions:

- the land grant premium must have been paid in full in accordance with the land use right grant contract and a certificate of land use right must have been obtained; and

- the investment in or development of such land must have been carried out in accordance with the land use right grant contract, evidenced by completion of 25.0% or more of total development amount in case of construction of building or by satisfaction of industrial or other use conditions in case of development of large parcel of land.

TERMINATION OF LAND USE RIGHT

A land use right will terminate upon the expiration of the term of the grant specified in the relevant land use right grant contract. Land use rights may also terminate upon reclamation of the land use right by the State or by loss of the land, etc.

Under the Urban Land Regulations, the maximum term of the grant depends on the type of use of the land. Such term is generally as follows:

- up to 70 years for residential use;

- up to 50 years for industrial use;

- up to 50 years for education, science, culture, public health or physical education uses;

- up to 40 years for commercial, tourism and entertainment uses; and

- up to 50 years for mixed or other uses.

Generally the State shall not reclaim the granted land use right prior to expiration of the term of land use under the land use right grant contract. In exceptional circumstances, and if it is in the public interest, the State has the right to reclaim the land use right of land for construction purpose in accordance with law, meanwhile the State will offer compensation to the land user for the buildings and other fixtures on the land and refund part of the land grant premium accordingly pursuant to the Property Law.

According to the Property Law, upon expiry of land use term, (i) the term of residential land use shall be automatically renewed; and (ii) the term of non-residential land use shall be handled in accordance with the laws and the ownership of buildings and other properties on such land shall be determined according to the contractual agreement; if there is no contractual agreement or it is not expressly agreed upon, the laws and administrative laws shall be applied.

According to the Urban Real Estate Law, upon expiry of the term of grant under the land use right grant contract, the user of non-residential land may apply for renewal of land use term by submitting an application at least 12 months in advance. Such application will be granted unless for public interest the land needs to be taken back by the State. If the application is granted, the land user is required to enter into a new land use right grant contract, pay a land use right grant premium and effect the necessary registration of the renewed right. If no application is made, or

such application is not granted, the land use right shall revert to the State and the buildings and fixtures on the land shall be handled in accordance with the agreements set forth in the land use right grant contract.

DOCUMENTATION OF TITLE

According to the Property Law, the creation, change, transfer or extinguishment of real property rights shall come into effect upon and at the time of registration and shall not have effect without registration unless otherwise provided by law. Nevertheless, the contracts between the parties regarding creation, change, transfer or extinguishment of real property rights shall come into effect upon offer and acceptance, and the effectiveness of the said contracts is not subject to registration of real property rights.

There are two types of title registrations in the PRC, namely land registration and building registration. According to the Measures on Land Registration (土地登记办法) promulgated by Ministry of Land Resources of the PRC on 30 December 2007, effective from 1 February 2008, land registration refers to the registration of land use right of state-owned land, land use right of collectively-owned land, mortgage right and easement and any other land rights onto a land register which is publicly disclosed. According to the Measures on Building Registration (房屋登记办法) promulgated by the Ministry of Construction of the PRC on 15 February 2008, effective from 1 July 2008, building registration refers to registration of rights to the building and any other requisite matters by building registration authorities onto a building register.

The two different systems are commonly maintained separately in many cities in the PRC including Beijing, where a Land Use Right Certificate and a Building Ownership Certificate will be issued separately. However, in Shenzhen, Guangzhou, Shanghai and some other major cities, the two systems have been consolidated and a single composite Building and Land Use Right Certificate will be issued. Whether the two systems are separate or combined does not have any legal impact on the property rights. Besides, pursuant to the Property Law, the registers kept by the registration authorities shall be the basis of the real property rights and the certificates issued to the owner or right holder are evidentiary documents of the real property rights; in case of any discrepancy between a register and a certificate, the register shall prevail unless it has been proven by evidence that the register does have an error.

TRANSFER OF PROPERTY

Pursuant to the Provisions of Real Estate Transfer, a real property owner may transfer, exchange, contribute, donate or mortgage the real property owned by it. Where a building is transferred, the ownership of the building and underlying land use right shall be transferred simultaneously. Transfer of ownership of the building shall also be subject to the conditions precedent as set forth in the paragraph titled "Transfer of Land Use Right". The following real property may not be transferred:

- real property for which the underlying land use right was acquired by way of grant but the pre-conditions for transfer of the granted land use right are not met;
- real property which was seized or the rights to which were restricted in any other form by a ruling or decision of judicial or administrative authorities in accordance with the law;
- jointly owned real property, if other joint owners have not given their consent;
- the title of the real property is disputable;
- real property which has not been registered and a title certificate of which has not been obtained; and

- other circumstances in which transfer is prohibited under laws and administrative regulations.

LEASING OF PROPERTY

Leasing of urban real properties is governed by the Contract Law of the PRC, the Urban Real Estate Law, the Measures on Administration of Lease of Commodity Buildings (商品房屋租赁管理办法) and other related laws. Under these laws and regulations, owners of buildings in the PRC are entitled to lease their buildings unless otherwise provided by law. The lease shall be filed with the real property administration authority at the municipal or county level within 30 days after the lease contract is entered into. The failure to file the lease timely may subject the parties to administrative penalties. The legal effect of the lease contracts are not subject to such filling; provided, however, absent such filing, the lease does not have any effect against third parties although it is still binding upon the parties to the lease. The term of lease may not be longer than 20 years, otherwise the excess part will be void and invalid. If the lessor intends to sell out a leased property, it shall, within a reasonable time limit before the sale, notify the lessee and the lessee shall have a right of first refusal to buy the leased property on equal terms and conditions, unless such priority right is waived by the lessee in the lease. A lessee may, subject to written consent of the lessor, sub-lease the property to a third party. The building shall not be leased in the following circumstances:

- the building is constructed illegally;
- the building does not meet the mandatory standards on safety and disaster prevention;
- the usage of the buildings is changed in violation of the provisions; or
- other situations in which leasing is prohibited by the provisions of the laws and regulations.

MANAGEMENT OF PROPERTY

The State Council promulgated the Property Management Rules (物业管理条例) ("**Property Management Rules**") on 8 June 2003 and revised it on 26 August 2007. The Property Management Rules stipulate that owners in a common property management region shall organise the Owners Meeting and elect and establish the Owners Committee. However, owners will jointly exercise the duties of the Owners Meeting and the Owners Committee if there is only one owner or there are only a few owners who have unanimously agreed not to organise the Owners Meeting.

Pursuant to the Property Management Rules, the quorum for an Owners Meeting requires owners representing more than 50.0% of owners (one independent unit represents one owner) with their floor areas accounting for more than 50.0% of the GFA within the common property management region. The following matters shall only be passed by two-thirds of owners with their floor areas accounting for two-thirds of the GFA in respect of the property:

- collecting and utilising special maintenance fund;
- alteration, reconstruction of building and its facilities.

Under the Measures on Administration of Qualifications of Property Service Enterprises (物业服务企业资质管理办法) revised by the Ministry of Construction of the PRC on 26 November 2007, a property service enterprise shall apply for qualification with the competent authority according to the measures. A qualified property service enterprise will be issued with qualification certificate evidencing the qualification classification by the relevant authority. No enterprise may conduct property service without such qualification.

Service charges comprise the property service cost and the property service enterprise's remuneration. The exact amount of service charges payable to a property service enterprise as remuneration may be agreed by the parties by reference to the two methods. According to the Rules on Property Service Fees (物业服务收费管理办法) jointly promulgated by the National Development and Reform Commission (the "**NDRC**") and the Ministry of Construction of the PRC on 13 November 2003, the extra amount of service charges payable to property service enterprise as remuneration may be entered into between the owners and property management enterprises by reference to a fixed management fee (包干制) or a percentage based management fee (酬金制).

FOREIGN INVESTMENT IN REAL ESTATE IN THE PRC

Under the "Provisions on the Administration of Qualification for Real Estate Development Companies" (房地产开发企业资质管理规定) promulgated by the Ministry of Construction of the PRC on 29 March 2000, a company engaged in the development and operation of real property business shall obtain a Qualification Certificate for Real Estate Development Enterprise in the PRC.

According to the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market (关于规范房地产市场外资准入和管理的意见) promulgated jointly by the Ministry of Construction of the PRC, the MOC, the NDRC, the People's Bank of China, the State Administration for Industry and Commerce and the SAFE on 11 July 2006, (i) foreign entities and individuals shall follow the principle of commercial existence and are allowed to invest and purchase non-self-resided real estate in the PRC via their foreign invested enterprises ("**FIE**") incorporated in the PRC; (ii) if the total investment amount of a foreign invested real estate development company is US$10.0 million or more, the amount of its registered capital shall not be less than 50.0% of the total investment; (iii) foreign investors shall pay off all the transfer price in a lump sum with their own funds if they acquire domestic real estate companies in the PRC; and (iv) no offshore or onshore loan is allowed if the registered capital of foreign-invested real estate company has not been fully paid in, or the foreign-invested real estate company has not obtained the State-owned land use right certificate, or their capital for a property development project is less than 35% of the total investment.

According to the Notice on Implementing the Opinions on Regulating the Access and Administration of Foreign Capital in the Real Estate Market (关于贯彻落实《关于规范房地产市场外资准入和管理的意见》有关问题的通知) promulgated by the MOC on 14 August 2006, (i) if the total investment amount of a foreign invested real estate development company is more than US$3.0 million, the amount of its registered capital shall not be less than 50.0% of the total investment; and (ii) if the total investment amount of a foreign invested real estate development company is US$3.0 million or less, the amount of its registered capital shall not be less than 70.0% of the total investment.

The MOC and the SAFE jointly issued a Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (关于进一步加强、规范外商直接投资房地产业审批和监管的通知) (the "**No. 50 Notice**") on 23 May 2007. Under the No. 50 Notice, local commercial authorities should reinforce the approval and supervision process over foreign-invested real estate enterprises, and strictly control foreign fund from investing in high-end real estate development projects. In order to incorporate a foreign-invested real property company, the land use right and/or building ownership should have been obtained in advance, or at least a pre-transfer/purchase contract has been entered into with the relevant land administrative authorities, land developers, or the owner of the building or other constructions, otherwise the proposed incorporation of foreign-invested real estate company will not be approved by the authorities.

According to the Notice of Issuing First Batch of Foreign Invested Real Estate Development Projects Completing Recording with MOC (关于下发第一批通过商务部备案的外商投资房地产项目名单的通知) issued by the SAFE on 10 July 2007, in respect of foreign invested real estate companies (including new set-up and capital increase) obtaining approval certificates from authorities of commerce and passing recording with MOC on and after 1 June 2007, all SAFE branches shall not handle foreign debt registration and foreign debt conversion matters with such companies, namely, such companies are prohibited from borrowing foreign debts, including shareholder loans and offshore commercial loans. However, such restriction does not apply to the remaining quorum of foreign debts which has not been used by such companies prior to 1 June 2007. Besides, all SAFE branches shall not handle foreign exchange registration (or change of registration) and capital conversion matters with foreign invested real estate companies obtaining approval certificate from local authorities of commerce on and after 1 June 2007 but failing to secure recording with MOC. Pursuant to Notice of MOC on Implementing Recording Work of Foreign Investment in Real Estate Sector (商务部关于做好外商投资房地产业备案工作的通知), effective from 1 July 2008, the recording review is assigned to the department of commerce at the provincial level. Under the Notice of MOC on Simplifying Recording of Foreign-invested Real Estate Companies (商务部关于简化外商投资房地产企业备案程序的通知) promulgated by the MOC on 22 December 2008, the recording process has been simplified.

According to the Notice of SAFE on Improving Practice of Administration on Capital Conversion of Foreign-invested Companies (国家外汇管理局关于完善外商投资企业外汇资本金支付结汇管理有关业务操作问题的通知) promulgated by SAFE on 29 August 2008, any foreign-invested companies other than those having been approved to engage in real property business shall not use its RMB funds converted from capital contribution in foreign exchange to purchase non-self-use real property in the PRC. Further, according to the Notice of SAFE on Further Clarifying and Regulating Administration of Foreign Exchange under Capital Accounts (关于进一步明确和规范部分资本项目外汇业务管理有关问题的通知) promulgated by SAFE on 9 November 2011, any foreign-invested companies other than those having been approved to engage in real property business shall not use its RMB funds converted from capital contribution in foreign exchange to pay costs and expenses in relation to purchase of non-self-use real property in the PRC.

In December 2010, the Administrative Office of MOC promulgated the Notice on Strengthening Administration of the Approval and Recording of Foreign Investment into Real Estate Industry (商务部办公厅关于加强外商投资房地产业审批备案管理的通知), whereby it is emphasised that speculative investments shall be restrained. Among other things, a foreign-invested real property company shall be prohibited from purchasing and selling real estate properties completed or under construction within the PRC for arbitrage purposes.

Under the Catalogue for the Guidance of Foreign Investment Industries (2011 version) (外商投资产业指导目录(2011年修订)) promulgated by MOC and the NDRC in December 2011, (i) the development of a whole land lot jointly with PRC partners and the construction and operation of high-end hotels, premium office buildings and international conference centres fall within the category of industries in which foreign investment is subject to restrictions; (ii) the construction and operation of golf courses and villas fall within the category of industries in which foreign investment is prohibited; and (iii) other real estate development falls within the category of industries in which foreign investment is permitted.

COMPANY LAW

The Company Law of PRC ("**Company Law**"), which came into effect on 1 July 2004 and was revised on 25 December 1999, 28 August 2004 and 27 October 2005 respectively, governs two types of companies, namely companies incorporated in the PRC with limited liability and companies incorporated in the PRC as joint stock limited companies. Both types of companies have the status of an enterprise legal person. The liability of shareholders of a limited liability company is limited to the extent of the amount of capital subscribed by them and the company is

liable to its creditors to the full amount of the assets owned by it. The liability of shareholders of joint stock limited companies is limited to the extent of the amount of shares subscribed by them and the company is liable to its creditors to the full amount of the assets owned by it. The Company Law applies to FIEs, including Sino-foreign equity joint venture ("**EJV**"), Sino-foreign contractual joint venture and wholly foreign-owned enterprise ("**WFOE**") unless expressly otherwise provided by the Law of the PRC on Sino-Foreign Equity Joint Venture (中华人民共和国中外合资经营企业法), the Law of the PRC on Sino-Foreign Contractual Joint Venture (中华人民共和国中外合作经营企业法) and the Law of the PRC on Wholly Foreign-owned Enterprises (中华人民共和国外资企业法) (hereinafter collectively "**Laws on FIE**").

Pursuant to the Company Law, the Laws on FIE and their respective implementation regulations or rules, the after-tax profit of a FIE for a given year shall be allocated according to the following sequences:

- if the statutory common reserve is insufficient to make up its losses of the previous years, such losses shall be made up from the profit for the current year firstly;

- allocate certain percentage of the after-tax profit to the reserve funds, the employee incentive and welfare funds and the enterprise development funds. In the case of EJV, the percentage shall be decided by its board of directors; in the case of WFOE, it shall allocate 10.0% of the after-tax profit to its reserve fund until the aggregate amount of such reserve exceeds 50.0% of its registered capital while the percentage for the employee incentive and welfare funds and the enterprise development funds being decided by itself; and

- make profit distribution to its shareholder(s).

TAXATION

The following summary of certain tax consequences in Singapore, Cayman Islands, Hong Kong and PRC of the purchase, ownership and disposition of the Units is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units and does not purport to apply to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisers concerning the application of Singapore, Cayman Islands, Hong Kong and PRC tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Units arising under the laws of any other tax jurisdictions.

*MGCCT has obtained a ruling from the IRAS (the "**Singapore Tax Ruling**") on the Singapore taxation of dividend income receivable from the Cayman Companies. In accordance with the Singapore Tax Ruling, the Singapore, Cayman Islands, Hong Kong and PRC taxation consequences for MGCCT and that of the Unitholders are described below.*

SINGAPORE TAXATION

Taxation of MGCCT

Taxable Income Receivable by MGCCT

Except as detailed in the paragraphs below, the Trustee will be subject to Singapore income tax at the prevailing corporate tax rate on income of MGCCT derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore ("**Taxable Income**"). Such Taxable Income would comprise interest income arising from bank deposits. The current Singapore corporate tax rate is 17.0%.

Dividends Receivable by MGCCT from the Cayman Companies and the Hong Kong Treasury Company

Pursuant to the Singapore Tax Ruling, the Trustee will be exempt from Singapore income tax under Section 13(12) of the Singapore Income Tax Act ("**SITA**") on the dividend received from the Cayman Companies on or before 31 March 2015. The Singapore Tax Ruling is granted subject to certain conditions.

The Trustee should also be exempt from Singapore income tax under Section 13(8) of the SITA on the dividend received from the Hong Kong Treasury Company provided that the underlying income is subject to profits tax in Hong Kong and the highest rate of profits tax rate in Hong Kong at the time the income is received in Singapore is not less than 15.0%.

Tax-exempt dividends received from the Cayman Companies and from the Hong Kong Treasury Company will be referred to as "**Tax-Exempt Income**".

Return of Capital from the Cayman Companies and the Hong Kong Treasury Company

Any return of capital received by MGCCT from the Cayman Companies and the Hong Kong Treasury Company is capital in nature and hence, is not taxable in the hands of the Trustee.

Gains on Disposal of Shares in the Cayman Companies and the Hong Kong Treasury Company

Singapore does not impose tax on capital gains. In the event that the Trustee disposes of its shares in the Cayman Companies and the Hong Kong Treasury Company, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. Gains arising from the sale of shares in the Cayman Companies and the Hong Kong Treasury Company, if considered to be trading gains, will be assessed to tax, currently at 17.0%, on the Trustee under Section 10(1)(a) of the SITA.

GST Registration of MGCCT

To the extent that MGCCT only derives dividend income and does not make any taxable supplies for GST purposes, it could not be registered for GST purposes in Singapore.

Recovery of GST incurred by MGCCT

GST would be incurred by MGCCT on offering-related and routine operating expenses incurred in Singapore. In the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for Singapore listed REITs to claim the GST incurred:

- on the setting up of their various tiers of SPVs that hold non-residential properties; and
- by their SPVs on the acquisition and holding of non-residential properties.

The GST remission has a qualifying period of up to 31 March 2015 and is subject to meeting certain qualifying conditions.

As the properties comprise non-residential properties, MGCCT should be able to recover the GST incurred on the offering-related and/or routine operating expenses (except for certain disallowed expenses) in full.

Taxation of the Unitholders

Distributions out of Taxable Income

Unitholders will not be subject to Singapore income tax on distributions made out of MGCCT's income that has been taxed at the Trustee level. Accordingly, distributions made by MGCCT out of Taxable Income to the Unitholders will not be subject to any tax deduction at source. No tax credit will be given to any Unitholder on the tax payable by the Trustee on such Taxable Income.

Distributions out of Tax-Exempt Income

Unitholders will not be subject to Singapore income tax on distributions made out of MGCCT's Tax-Exempt Income. No tax will be deducted at source on such distributions.

Distributions out of Return of Capital from the Cayman Companies and the Hong Kong Treasury Company

Unitholders will not be subject to Singapore income tax on distributions made by MGCCT out of its capital receipts, such as return of capital from the Cayman Companies and the Hong Kong Treasury Company. No tax will be deducted at source on such distributions.

For Unitholders who hold the Units as trading or business assets[1] and are liable to Singapore income tax on gains arising from the disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain when the Units are disposed of. If the amount (being the distributions made by MGCCT out of its capital receipts) exceeds the cost of the Units, the excess will be subject to tax as a trading income of such Unitholders.

Distributions out of Gains from the Disposal of Shares in the Cayman Companies and the Hong Kong Treasury Company

Unitholders will not be subject to Singapore income tax on distributions made by MGCCT out of capital gains from the disposal of shares in the Cayman Companies and the Hong Kong Treasury Company unless the gains are considered income of a trade or business.

Gains derived by the Trustee from the disposal of shares in the Cayman Companies and the Hong Kong Treasury Company if considered to be trading gains, will be assessed to tax on the Trustee. Distributions made from such gains will not be subject to further tax in the hands of the Unitholders.

Disposal of the Units

Singapore does not impose tax on capital gains. Any gains on disposal of the Units are not liable to tax provided the Units are not held as trading assets. Where the Units are held as trading assets of a trade or business carried on in Singapore, any gains on disposal of the Units are liable to Singapore income tax under Section 10(1)(a) of the SITA.

Stamp Duty

Stamp duty will not be imposed on instruments relating to the transfer of the Units.

GST on Issue and Transfer of the Units

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, the Unitholders would not incur any GST on the subscription of the Units in MGCCT. The subsequent disposal of the Units in MGCCT by a GST-registered Unitholder through the SGX-ST or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Units through an overseas exchange or to another person belonging outside Singapore would constitute zero-rated supplies for GST purposes.

Recovery of GST incurred by Unitholders

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to the Unitholders belonging in Singapore in connection with their purchase and sale of the Units in MGCCT would be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered to the Unitholders belonging outside Singapore would generally be subject to GST at zero-rate when certain conditions are met.

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1 The Units would likely be considered as trading/business assets if they are acquired by a person whose ordinary course of business involves the buying and selling of units and the Units are acquired with the intention to be resold at a profit. This is in contrast with Units which are acquired for long-term investment purposes and/or are capital in nature.

Where the Unitholders are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Unitholders in MGCCT is generally not recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Unitholders should seek the advice of their tax advisers on these conditions.

CAYMAN ISLANDS TAXATION

There should be no income tax, capital gains tax, stamp duty and withholding tax applicable to the Cayman Companies in the Cayman Islands.

HONG KONG TAXATION

Taxation of the Hong Kong Property Companies

Rental Profits Derived by the Hong Kong Property Companies

The Hong Kong Property Companies are chargeable to Hong Kong profits tax in respect of any profits arising in or derived from Hong Kong from the carrying on of a trade, profession or business in Hong Kong. They will also have a *prima facie* liability to Hong Kong property tax on rental profits derived from properties located in Hong Kong. Companies may elect to pay Hong Kong profits tax only. The relevant Hong Kong Property Companies have made or will make this election. As a result, rental profits derived from property located in Hong Kong will be subject to Hong Kong profits tax in Hong Kong at the prevailing Hong Kong profits tax rate.

Rental profits derived from property located in the PRC are generally regarded as profits arising in or derived from outside Hong Kong and hence not subject to Hong Kong profits tax.

The current Hong Kong profits tax rate is 16.5%.

Dividend Income Receivable from Gateway Plaza Property Operations (Beijing) Limited

Dividends derived by HK Gateway Plaza Company Limited from Gateway Plaza Property Operations (Beijing) Limited should not be subject to Hong Kong profits tax.

Gains on Disposal of the Properties or Shares in Gateway Plaza Property Operations (Beijing) Limited

There is no capital gains tax in Hong Kong. Where the gain derived by the Hong Kong Property Companies on any future disposal of real estate properties or shares in Gateway Plaza Property Operations (Beijing) Limited are considered capital in nature or offshore sourced, they should not be subject to profits tax in Hong Kong.

Financing Profits Derived by the Hong Kong Treasury Company

The Hong Kong Treasury Company will be chargeable to Hong Kong profits tax at the prevailing Hong Kong profits tax rate in respect of any profits arising in or derived from the financing activities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable on any contract note for the sale and purchase of shares of the Hong Kong Property Companies and the Hong Kong Treasury Company at a rate of 0.2% of the higher of the actual consideration or market value of the stock.

Hong Kong stamp duty will also be payable on any conveyance on sale of real property in Hong Kong at a rate up to 8.5% of the higher of the actual consideration or market value of the property.

Distribution by the Hong Kong Property Companies

There is no Hong Kong withholding tax applicable on dividends. In this regard, dividend payments made by the Hong Kong Property Companies to the Cayman Companies and by the Hong Kong Treasury Company to MGCCT should not be subject to withholding tax in Hong Kong.

PRC TAXATION

Taxation of HK Gateway Plaza Company Limited and Gateway Plaza Property Operations (Beijing) Limited

PRC Income Tax

Under the PRC Enterprise Income Tax Law (中华人民共和国企业所得税法) and its implementation rules that became effective on 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC are subject to withholding tax at the rate of 10.0% on various types of passive income, including rental income and capital gains, derived from the PRC.

HK Gateway Plaza Company Limited is currently treated as having no business establishment in the PRC. As such, rental income and capital gains from disposal of a property located in the PRC derived by HK Gateway Plaza Company Limited will be subject to PRC withholding income tax at the rate of 10.0%.

Under the PRC Enterprise Income Tax Law and its implementation rules, the standard income tax rate of 25.0% should be applied to foreign invested enterprises as well as PRC domestic enterprises, while dividends earned after 1 January 2008 paid by PRC foreign invested enterprises to their non-PRC parent companies will be subject to a 10.0% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent is tax resident, which specifically exempts or reduces such withholding tax.

According to the Notice of the State Administration of Taxation on How to Understand and Determine the "Beneficial Owners" in Double Taxation Agreements (国家税务总局关于如何理解和认定税收协定中"受益所有人"的通知) promulgated by the PRC State Administration of Taxation on 27 October 2009 and effective from 27 October 2009, tax treaty benefits are applicable to "beneficial owner" and the term refers mainly to a person who has the right to own and dispose of the income and the rights or properties generating the said income. The "beneficial owner" may be an individual, a company or any other organisation which is usually engaged in substantial business operations. An agent, a conduit company or a shell company without business substance is not a "beneficial owner".

In line with the above, it is expected that Gateway Plaza Property Operations (Beijing) Limited will be subject to tax on its taxable income, currently at a rate of 25.0%. Where HK Gateway Plaza Company Limited may rely on the tax treaty between the PRC and Hong Kong and is considered as the "beneficial owner" of the dividends, the withholding tax rate for dividends would be 5.0%. Otherwise, a 10.0% withholding rate will apply to any dividends paid by Gateway Plaza Property Operations (Beijing) Limited to HK Gateway Plaza Company Limited.

Business Tax

Business tax is payable in respect of certain business activities in the PRC as set out in the PRC Provisional Regulations Concerning Business Tax (中华人民共和国营业税暂行条例), which was promulgated on 13 December 1993 and amended on 10 November 2008. The activities to which

the business tax applies include construction, leases and sales of real estate properties and provision of certain services in the PRC. The tax is a turnover tax charged on gross revenue (including rental fees, property management fees, rental deposits, other surcharges and service fees). No deduction of the tax incurred on purchased services or materials is allowed. However, deductions from gross revenue are allowed for subcontracting fees paid among the transportation, tourism and construction industries. The rate of business tax payable for leasing transactions, sales of real estate/immovable properties and provision of general services is 5.0%.

HK Gateway Plaza Company Limited should be liable for business tax at 5.0% on the total rental income and interest income (if any) derived from the PRC. The said total rental income should include all the payments and surcharges received by HK Gateway Plaza Company Limited in relation to Gateway Plaza. Gateway Plaza Property Operations (Beijing) Limited should be liable for business tax at 5.0% on the income derived from the provision of services to HK Gateway Plaza Company Limited.

Real Estate Tax

According to the PRC Tentative Regulations on Real Estate Tax (中华人民共和国房产税暂行条例), which was promulgated by the State Council on 15 September 1986 and effective from 1 October 1986 and as amended on 8 January 2011 and the real estate tax practice in Beijing, a non-resident enterprise should be liable for real estate tax at 1.2% on the 70.0% of the book value of the property regardless of whether it is for self-use or for lease. Real estate tax should be applicable to HK Gateway Plaza Company Limited.

On 21 December 2010, the Ministry of Finance of the PRC and the PRC State Administration of Taxation jointly issued the Notice on the Policies regarding Urban and Town Land Use Tax Imposed on Entities Employing the Disabled (关于安置残疾人就业单位城镇土地使用税等政策的通知), under which, if the real estate tax of a building is calculated on the basis of its residual value, the value of such building should cover its land premium, including the purchase price paid for the land use rights and cost and expenses for land development, and if the floor area ratio for a parcel of land is less than 0.5, the land premium should be calculated on the basis of a site area which is two times the GFA of the building.

Land Use Tax

Pursuant to the PRC Tentative Regulations on Land Use Tax in respect of Urban and Town Land (中华人民共和国城镇土地使用税暂行条例) promulgated by the State Council on 27 September 1988 and effective from 1 November 1988, the land use tax in respect of urban and town land is levied according to the area of relevant land. Currently, the land use tax is between RMB1.50 and RMB30.0 per sq m per annum in respect of land located in metropolitan area, including Beijing. For Gateway Plaza, the applicable land use tax is currently at RMB24.0 per sq m per annum.

Stamp Duty

Under the PRC Tentative Regulations on Stamp Duty (中华人民共和国印花税暂行条例) promulgated by the State Council on 6 August 1988 and effective from 1 October 1988 and as amended on 8 January 2011, for building property transfer instruments, including those in respect of property ownership transfer, the stamp duty is charged at 0.05% of the amount stated therein. For permits and certificates relating to rights, including real estate title certificates and state-owned land use rights certificates, the stamp duty is levied on an item-by-item basis at RMB5 per document. For building leases, the stamp duty rate is 0.1% of the rental, and for construction and installation project contracts, the duty rate is 0.03% of the amount stated therein. The stamp duty is payable by both parties to the contracts.

Deed Tax

Under the PRC Tentative Regulations on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council on 7 July 1997 and effective from 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the PRC. These taxable transfers include grant of state-owned land user rights and sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. The rate of deed tax is 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions.

Land Appreciation Tax

Under the PRC Tentative Regulations on Land Appreciation Tax (中华人民共和国土地增值税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 as amended on 8 January 2011 and its implementation rules, all income from the sale or transfer of state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to land appreciation tax at progressive rates ranging from 30.0% to 60.0% of the appreciation value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sales of commercial properties.

Urban Maintenance and Construction Tax and Education Surcharge

Under the PRC Interim Regulations on Urban Maintenance and Construction Tax (中华人民共和国城市维护建设税暂行条例) promulgated by the State Council on 8 February 1985 as amended on 8 January 2011, any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7.0% for a taxpayer whose domicile is in an urban area, 5.0% for a taxpayer whose domicile is in a county and a town, and 1.0% for a taxpayer whose domicile is not in any urban area or county or town, each calculated on the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Interim Provisions on Imposition of Education Surcharge (征收教育费附加的暂行规定) promulgated by the State Council on 28 April 1986 and as amended on 7 June 1990, 20 August 2005 and 8 January 2011 respectively, a taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge pursuant to the Notice issued by the State Council on Raising Funds for Schools in Rural Areas (国务院关于筹措农村学校办学经费的通知). The tax rate of the education surcharge shall be 3.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

According to the PRC Education Law issued on 18 March 1995, provincial governments are empowered to collect local education surcharge. Under the Notice Concerning Unification of Local Education Surcharge Policy (关于统一地方教育附加政策有关问题的通知) issued by the Ministry of Finance of the PRC on 7 November 2010, local education surcharge rate shall be unified to 2.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Supplementary Notice Concerning Imposition of Education Surcharge (国务院关于教育费附加征收问题的补充通知) issued by the State Council on 12 October 1994, the Circular Concerning Temporary Exemption from Urban Maintenance and Construction Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (国家税务总局关于外商投资企业和外国企业暂不征收城市维护建设税和教育费附加的通知), and the Approval on Exemption of Urban Maintenance and Construction Tax and Education Surcharge in Foreign-invested Freightage Enterprises (国家税务总局关于外商投资货物运输企业征免收城市维护建设税和教育费附加问题的批复) issued by the PRC State Administration of Taxation on 25 February 1994 and on 14

September 2005 respectively (which now have been invalidated), neither the urban maintenance and construction tax nor the education surcharge shall be applicable to foreign-invested enterprises until further explicit stipulations are issued by the State Council.

However, according to the Notice on Unifying the Urban Maintenance and Construction Tax and Education Surcharge System of Domestic Enterprises, Foreign-invested Enterprises and Individuals (国务院关于统一内外资企业和个人城市维护建设税和教育费附加制度的通知) issued by the State Council on 18 October 2010, and the Notice on Enhancement of Finance Investment in Education (国务院关于进一步加大财政教育投入的意见) issued by the State Council on 29 June 2011, both the urban maintenance and construction tax and education surcharge (including local education surcharge) shall be applicable to foreign-invested enterprise from 1 December 2010 onwards.

Accordingly, HK Gateway Plaza Company Limited and Gateway Plaza Property Operations (Beijing) Limited should be liable for urban maintenance and construction tax, education surcharge and local education surcharge on their consumption tax, value-added tax or business tax paid at the rates of 7.0%, 3.0% and 2.0%, respectively.

PRC Tax Reporting Obligations and Consequences for Certain Indirect Transfers of Equity Interests

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by the PRC State Administration of Taxation (国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知) on 10 December 2009 (effective 1 January 2008) and the Announcement on Enterprise Income Tax Administration on Non-PRC Resident Enterprises issued by the PRC State Administration of Taxation (国家税务总局关于非居民企业所得税管理若干问题的公告) on 28 March 2011, where a foreign investor or effective controlling party transfers the equity interests in a PRC resident enterprise (excluding the sale of the shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets) indirectly by way of the sale of equity interests in an overseas holding company, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate which is less than 12.5% for share transfers or (ii) does not levy tax on share transfer gain, the foreign investor should report such indirect transfer to the competent tax authority of the PRC resident enterprise within 30 days of the execution of the equity transfer agreement for such indirect transfer. The PRC tax authority will examine the true nature of the indirect transfer, and if the PRC tax authority considers that the foreign investor has adopted an abusive arrangement without reasonable commercial purposes and in order to avoid PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterise the indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax currently at the rate of 10.0%.

In the event of a disposal of the shares in the relevant Cayman Company and Hong Kong Property Company which results in a transfer of the equity interests in Gateway Plaza Property Operations (Beijing) Limited, the transferor may be required to report such transfers to the PRC tax authority. The gains arising from such indirect transfers may potentially be subject to tax in the PRC, currently at the rate of 10.0%. Under the current laws and regulations, the above reporting obligations and tax implications do not technically apply to an indirect transfer of interest in real estate in the PRC although there can be no assurance that the laws and regulations may not change.

Taxation of Unitholders

PRC Tax Reporting Obligations and Consequences for Certain Indirect Transfers of Equity Interests

As noted above, the PRC tax reporting obligations for indirect transfers of equity interests do not apply to indirect sales of shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets. The relevant notice and announcement issued by the PRC authorities do not specify whether purchases through initial public offering would constitute "purchases from public securities market". However, a general guideline in the announcement makes reference to situations where the seller is unable to identify or fix the price, or where the seller cannot determine who the buyer is or volume of shares bought and sold as being "purchases from the public securities markets". Accordingly, in line with the general guideline, the initial subscription of units by unitholders would appear to be considered "purchases from public securities market", which is subject to agreement by the PRC authorities. Unitholders should consult their own tax advisers relating to their particular circumstances.

PLAN OF DISTRIBUTION

The Manager is making an offering of 776,636,000 Units (representing 29.2% of the total number of Units in issue after the Offering) for subscription at the Offering Price under the Placement Tranche and the Public Offer, of which, 50,304,000 Reserved Units (representing 6.5% of the Offering) under the Public Offer will be reserved for subscription by the directors, management, employees and business associates of the Sponsor and its subsidiaries. 511,279,000 Units will be offered under the Placement Tranche and 265,357,000 Units will be offered under the Public Offer. Units may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Global Coordinators (in consultation with the Manager, subject to the minimum unitholding and distribution requirements of the SGX-ST) in the event of an excess of applications in one and a deficit in the other. In the event that any of the Reserved Units are not subscribed for, such Units will be made available to satisfy excess applications, if any, in the Public Offer and/or the Placement Tranche.

The Public Offer is open to members of the public in Singapore. Under the Placement Tranche, the Manager intends to offer the Units by way of an international placement through the Joint Global Coordinators to investors, including institutional and other investors in Singapore and elsewhere, in reliance on Regulation S. Subject to the terms and conditions set forth in the underwriting agreement entered into between the Joint Global Coordinators, the Manager, the Sponsor and the Unit Lender on 27 February 2013, the Manager is expected to effect for the account of MGCCT the issue of, and the Joint Global Coordinators are expected to severally (and not jointly) to procure subscribers, and failing which to subscribe, for, 1,730,111,000 Units (which includes the Units to be issued pursuant to the Offering, and the Cornerstone Units), in the proportions set forth opposite their respective names below.

Joint Global Coordinators	**Number of Units**
Citigroup Global Markets Singapore Pte. Ltd.	432,527,750
DBS Bank Ltd.	432,527,750
Goldman Sachs (Singapore) Pte.	432,527,750
The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	432,527,750
Total (including Offering Units and Cornerstone Units)	**1,730,111,000**

The Units will be offered at the Offering Price. The Offering Price per Unit in the Placement Tranche and the Public Offer will be identical. The Joint Global Coordinators have agreed to severally (and not jointly) to procure subscription, and failing which to subscribe, for 1,730,111,000 Units at the Offering Price, less the Underwriting and Selling Commission (as defined herein) to be borne by MGCCT.

The Manager and the Sponsor have agreed in the Underwriting Agreement to indemnify, among others, the Joint Global Coordinators against certain liabilities, to the extent permitted by law. The indemnity under the Underwriting Agreement provides that where the indemnification is unavailable to or insufficient to hold harmless, among others, the Joint Global Coordinators in respect of any losses, claims, damages or liabilities (or actions in respect thereof), then the Manager and the Sponsor shall contribute to the amount paid or payable by, among others, the Joint Global Coordinators as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Manager or the Sponsor, as the case may be, on the one hand and the Joint Global Coordinators on the other from the offering of the Units. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then the Manager and the Sponsor shall

contribute to such amount paid or payable by, among others, the Joint Global Coordinators in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Manager or the Sponsor, as the case may be, on the one hand and the Joint Global Coordinators on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Manager or the Sponsor, on the one hand and the Joint Global Coordinators on the other shall be deemed to be in the same proportion as the total net proceeds from the Offering (before deducting expenses) received by the Manager or the Sponsor, as the case may be, bear to the total underwriting discounts and commissions received by the Joint Global Coordinators, in each case as set forth in the table above. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Manager or the Sponsor on the one hand or the Joint Global Coordinators on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. No Joint Global Coordinators shall be required to contribute any amount in excess of the amount by which the total price at which the Units underwritten by it and distributed to the public were offered to investors exceeds the amount of any damages which such Joint Global Coordinators has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The Underwriting Agreement also provides for the obligations of the Joint Global Coordinators to severally (and not jointly) to procure the subscription, and failing which to subscribe, for the Units in the Offering subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Joint Global Coordinators at any time prior to issue and delivery of the Units upon the occurrence of certain events including, among others, certain force majeure events pursuant to the terms of the Underwriting Agreement.

Subscribers of the Units may be required to pay brokerage (and if so required, such brokerage will be up to 1.0% of the Offering Price) and applicable stamp duties, taxes and other similar charges (if any) in accordance with the laws and practices of the country of subscription, in addition to the Offering Price.

Each of the Joint Global Coordinators and their associates may engage in transactions with, and perform services for, the Trustee, the Manager, the Sponsor and MGCCT in the ordinary course of business and have engaged, and may in the future engage, in commercial banking, investment banking transactions and/or other commercial transactions with the Trustee, the Manager, the Sponsor and MGCCT, for which they have received or made payment of, or may in the future receive or make payment of, customary compensation.

Each of the Joint Global Coordinators and their associates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers in the ordinary course of business, and such investment and securities activities may involve securities and instruments, including Units. The Joint Global Coordinators and their associates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to their clients that they acquire, long and/or short positions in such securities and instruments.

OVER-ALLOTMENT AND STABILISATION

The Unit Lender has granted the Over-Allotment Option to the Joint Global Coordinators for the purchase of up to an aggregate of 79,851,000 Units at the Offering Price. The number of Units subject to the Over-Allotment Option will not be more than 10.3% of the number of Units under the Placement Tranche and the Public Offer. The Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), in consultation with the other Joint Global Coordinators, may exercise the Over-Allotment Option in full or in part, on one or more occasions, only from the Listing Date but no later than the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 79,851,000 Units, representing 10.3% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 79,851,000 Units (representing 10.3% of the total number of Units in the Offering), at the Offering Price. In connection with the Over-Allotment Option, the Stabilising Manager and the Unit Lender have entered into a unit lending agreement (the "**Unit Lending Agreement**") dated 27 February 2013 pursuant to which the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may borrow up to an aggregate of 79,851,000 Units from the Unit Lender for the purpose of facilitating settlement of the over-allotment of Units in connection with the Offering. The Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will re-deliver to the Unit Lender such number of Units which have not been purchased pursuant to the exercise of the Over-Allotment Option.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Global Coordinators and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations hereunder. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Any profit after expenses derived, or any loss sustained as a consequence of the exercise of the Over-Allotment Option or the undertaking of any stabilising activities shall be for the account of the Joint Global Coordinators.

None of the Manager, the Sponsor, the Unit Lender, the Joint Global Coordinators or the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Manager, the Sponsor, the Unit Lender, the Joint Global Coordinators or the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) makes any representation that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Units purchased by the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), not later than 12.00 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of stabilising action and the number of Units in respect of which the Over-Allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.

LOCK-UP ARRANGEMENTS

The Sponsor

Subject to the exception described below, the Sponsor has agreed with the Joint Global Coordinators that it will not, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any or all of its indirect effective interest in the Lock-up Units, enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any Lock-up Units in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above during the First Lock-up Period, and the same restrictions will apply in respect of the Sponsor's indirect effective interest in 50.0% of the Lock-up Units during the Second Lock-up Period.

The restriction described in the preceding paragraph does not apply to:

- the creation of a charge over the Lock-up Units or otherwise grant of security over or creation of any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced in respect of not more than 50.0% of the Lock-up Units after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period;

- any securities lending arrangement with the Joint Global Coordinators or any sale or transfer of the Lock-up Units by the Unit Lender pursuant to the exercise of the Over-Allotment Option; or

- the transfer of any Lock-up Units to any wholly-owned subsidiaries of the Sponsor provided that the Sponsor has procured that such subsidiary has executed and delivered to the Joint Global Coordinators an undertaking to the effect that it will undertake to comply with the foregoing restrictions, to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Offering is not completed by 31 March 2013, the lock-up arrangements described above will be terminated.

Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd.

Subject to the exception described below, each of Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd. has agreed with the Joint Global Coordinators that it will not, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any or all of its interest in the Lock-up Units, enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any Lock-up Units in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above during the First Lock-up Period, and the same restrictions will apply in respect of its direct interest in 50.0% of the Lock-up Units during the Second Lock-up Period.

The restriction described in the preceding paragraph does not apply to:

- the creation of a charge over the Lock-up Units or otherwise grant of security over or creation of any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced in respect of not more than 50.0% of the Lock-up Units after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period;

- any securities lending arrangement with the Joint Global Coordinators or any sale or transfer of the Lock-up Units by the Unit Lender pursuant to the exercise of the Over-Allotment Option; or

- the transfer of any Lock-up Units to any wholly-owned subsidiaries of the Sponsor provided that the Sponsor has procured that such subsidiary has executed and delivered to the Joint Global Coordinators an undertaking to the effect that it will undertake to comply with the foregoing restrictions, to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Offering is not completed by 31 March 2013, the lock-up arrangements described above will be terminated. For the avoidance of doubt, any Units returned to the Unit Lender pursuant to the Unit Lending Agreement shall be subject to the lock-up arrangements described above.

The Manager

Subject to the exceptions described below, the Manager has agreed with the Joint Global Coordinators that it will not (and will not cause or permit MGCCT to), for the First Lock-up Period, directly or indirectly, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any Units, enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any Lock-up Units in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to the issuance of (i) Units to be offered under the Offering; (ii) the Cornerstone Units; (iii) the Sponsor Units; (iv) Units to the Manager in payment of any fees payable to the Manager under the Trust Deed; and (v) Units to the Property Manager in payment to the Property Manager under the Master Property Management Agreement.

If, for any reason, the Offering is not completed within 31 March 2013, the lock-up arrangements described above will be terminated.

SGX-ST LISTING

MGCCT has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, MGCCT, the Manager or the Units. It is expected that the Units will commence trading on the SGX-ST on a "ready" basis on or about 2.00 p.m. on 7 March 2013.

Prior to this Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Offering at or above the Offering Price. (See "Risk Factors – Risks Relating to an Investment in the Units – The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units" for further details.)

ISSUE EXPENSES

The estimated amount of the expenses in relation to the Offering and the issuance of Cornerstone Units of S$70.1 million (assuming that the Over-Allotment Option is exercised in full) includes the Underwriting and Selling Commission, professional and other fees and all other incidental expenses in relation to the Offering and the issuance of Cornerstone Units, which will be borne by MGCCT. A breakdown of these estimated expenses is as follows:

	S$'000
Professional and other fees[(1)]	26,847
Underwriting and Selling Commission[(2)]	42,082
Miscellaneous Offering expenses[(3)]	1,202
Total estimated expenses of the Offering and issuance of the Cornerstone Units	**70,131**

Notes:

(1) Includes debt upfront fees, solicitors' fees and fees for the Reporting Auditors, the Independent Tax Adviser (as defined herein), the Independent Valuers and other professionals' fees and other expenses.

(2) Such commission represents a maximum of 2.5% of the total proceeds of the Offering and the proceeds raised from the issuance of Cornerstone Units assuming the Over-Allotment Option is exercised in full.

(3) Includes cost of prospectus production, road show expenses and certain other expenses incurred or to be incurred in connection with the Offering.

DISTRIBUTION AND SELLING RESTRICTIONS

None of the Manager, the Sponsor or the Joint Global Coordinators have taken any action, or will take any action, in any jurisdiction other than Singapore that would permit a public offering of Units, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offering in any jurisdiction other than Singapore where action for that purpose is required.

Accordingly, each purchaser of the Units may not offer or sell, directly or indirectly, any Units and may not distribute or publish this Prospectus or any other offering material or advertisements in connection with the Units in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Each purchaser of the Units is deemed to have represented and agreed that it will comply with the selling restrictions set out below for each of the following jurisdictions:

Selling Restrictions

Australia

Any offer, invitation, transfer or issue of Units to any person located in, or a resident of, Australia may not occur unless the person is professional investor or sophisticated investor for the purposes of Chapter 6D, or a wholesale client for the purposes of Part 7.9, of the Corporations Act 2001 (Cth) (the "**Australian Corporations Act**"). This document has not been, and will not be, lodged with the Australian Securities and Investments Commission, Australian Securities Exchange or any other regulatory body or agency in Australia as a prospectus or product disclosure statement for the purposes of the Australian Corporations Act and is not required to, and does not, contain all the information which would be required in a prospectus or product disclosure statement under Australian law.

Any Units issued upon acceptance of the Offering may not be offered for sale (or transferred, assigned or otherwise alienated) to any person located in, or a resident of, Australia for at least 12 months after their issue, except in circumstances where the person is a person to whom a disclosure document is not required to be given under Chapter 6D or Part 7.9 of the Australian Corporations Act. Accordingly, each investor acknowledges these restrictions and, by applying for Units under this document, gives an undertaking not to sell those Units (except in the circumstances referred to above) for 12 months after their issue.

MGCCT has not been and will not be registered as a managed investment scheme under Chapter 5C of the Australian Corporations Act. Neither MGCCT nor the Manager holds an Australian financial services licence and they are not licensed to provide financial product advice in relation to the Units. Investors in MGCCT do not have "cooling off" rights under Australian law.

This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this document, you should assess whether the acquisition of the Units is appropriate in light of your own financial circumstances or seek professional advice.

Bahrain

This document has not been approved by the Central Bank of Bahrain ("**CBB**") and the regulations of the CBB do not apply. No offer will be made in Bahrain to the public to purchase Units and this document will not be issued to, or made available to, the public generally in Bahrain. The CBB takes no responsibility for the performance of the Units nor for the correctness of any statements or representation made by the Joint Global Coordinators. The Manager of MGCCT accepts responsibility for the information contained in this document as being accurate at the date of publication.

Brunei

This document has not been delivered to, licensed or permitted by the Authority as designated under the Brunei Darussalam Mutual Funds Order 2001. Nor has it been registered with the Registrar of Companies. This document is for informational purposes only and does not constitute an invitation or offer to the public. As such it must not be distributed or redistributed to and may not be relied upon or used by any person in Brunei other than the person to whom it is directly communicated, (i) in accordance with the conditions of section 21(3) of the International Business Companies Order 2000, or (ii) whose business or part of whose business is in the buying and selling of shares within the meaning of section 308(4) of the Companies Act, Cap. 39.

Canada

The Units will not be sold in Canada or to residents of Canada other than in compliance with applicable Canadian securities laws. Without limiting the foregoing, the Joint Global Coordinators will make offers and sales of the Units included in the Placement Tranche only to investors in Canada which are resident in either the Province of Ontario or the Province of Quebec and not in any other province or territory. Such offers and sales will be made (i) through an appropriately registered securities dealer or in accordance with an available exemption from the applicable registered securities dealer requirements under relevant applicable Canadian securities laws, and (ii) pursuant to an exemption from the prospectus requirements under the relevant applicable Canadian securities laws.

Cayman Islands

The Units are not offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands and this document shall not constitute an offer, invitation or solicitation to any member of the public in the Cayman Islands to subscribe for any of the Units. However, Cayman Islands exempted and non-resident companies may be permitted to acquire the Units.

Dubai International Financial Centre

MGCCT is a Singapore real estate investment trust established under the laws of Singapore and principally regulated under Section 286 of the SFA and the CIS Code. The relevant financial services regulator in Singapore in respect of MGCCT is the MAS. MGCCT is authorised under Section 286 of the SFA as a collective investment scheme.

This Prospectus relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (the "**DFSA**"). The DFSA has no responsibility for reviewing or verifying this Prospectus or other documents in connection with MGCCT. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units. If you do not understand the contents of this document you should consult an authorised financial advisor. This Prospectus is intended for distribution only to qualified investors and must not, therefore, be delivered to, or relied on by, a retail investor.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), no prospectus within the meaning of Article 3 of the Prospectus Directive has been published or is expected to be published.

Accordingly, in addition to any other applicable rules or restrictions that may apply to the issue or distribution of this Prospectus in any Relevant Member State, an offer to the public of any Units which are the subject of the Offering contemplated by this document may only be made under the following exemptions from the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor, as defined under the Prospectus Directive;

(b) by the Manager to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Units shall result in a requirement for the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Units to be offered so as to enable an investor to decide to purchase any Units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the

2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Hong Kong

This document has not been approved by the Securities and Futures Commission in Hong Kong. Accordingly:

(a) Units may not be offered or sold in Hong Kong by means of this document or any other document other than to "professional investors" within the meaning of Part I of Schedule I to the Securities and Futures Ordinance (Cap. 571) ("**SFO**") and any rules made under the SFO; and

(b) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Units which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Ireland

The distribution of this document and the offering or purchase of Units is restricted to the individual to whom it is addressed. Accordingly, it may not be reproduced in whole or in part, nor may its contents be distributed in writing or orally to any third party and it may be read solely by the person to whom it is addressed and his/her professional advisers.

Units in MGCCT will not be offered or sold by any person:

(a) otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007, as amended;

(b) otherwise than in conformity with the provisions of the Companies Acts 1963-2012;

(c) otherwise than in a manner that does not constitute an offer for sale to the public within the meaning of Section 9 of the Unit Trusts Act, 1990;

(d) in any way which would require the publication of a prospectus under the Investment Funds, Companies and Miscellaneous Provisions Act, 2005, as amended, and any regulations adopted pursuant thereto; or

(e) in any country or jurisdiction including Ireland except in all circumstances that will result in compliance with all applicable laws and regulations in such country or jurisdiction.

Units in MGCCT will not in any event be marketed in Ireland except in accordance with the requirements of the Central Bank of Ireland.

Japan

The Units have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") or the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951, as amended). The Joint Bookrunners have represented and agreed that they will not offer or sell any Units, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1,

Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Malaysia

The approval from the Securities Commission of Malaysia ("**SC**") has not been sought nor obtained for issuing or offering the Units for subscription or purchase, or for making an invitation to subscribe for or purchase the Units in Malaysia. No prospectus has been, nor will any prospectus be, registered with the SC in connection with any issue or offer of the Units for subscription or purchase, or any invitation to subscribe for or purchase the Units in Malaysia. Accordingly, the Units may not be issued or offered for subscription or purchase, and no invitation may be made to subscribe for or purchase the Units in Malaysia, and this Prospectus or any amendment or supplement hereto or any other offering document in relation to MGCCT may not be distributed, directly or indirectly, in Malaysia.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority or under or in accordance with the Securities Act 1978 (New Zealand). This document is not a registered prospectus or investment statement for the purposes of the Securities Act 1978 (New Zealand) and does not contain all the information typically included in a registered prospectus or investment statement. Under the Offering, no Units may be offered or sold within New Zealand or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept an offer of Units, other than:

(a) persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; and/or

(b) persons who are each required to:

    (i) pay a minimum subscription price of at least NZ$500,000 for the Units before the allotment of those Units; or

    (ii) have previously paid a minimum subscription price of at least NZ$500,000 for Units in a single transaction before the allotment of such Units and such allotment was not more than 18 months prior to the date of this document; and/or

(c) "**eligible persons**" as that term is defined in sections 5(2CC) to 5(2CG) of the Securities Act 1978 (New Zealand), being:

    (i) "**wealthy**" persons that an independent chartered accountant certifies (no more than twelve months before this offer) has net assets of at least NZ$2,000,000 or has had an annual gross income of at least NZ$200,000 for each of the last two financial years; and/or

    (ii) "**experienced**" persons to whom an independent financial service provider has provided prior to allotment of the Units a written statement of the financial service provider's reasons for being satisfied on reasonable grounds that such person(s) as a result of having experience of that kind, are able to assess (a) the merits of the offer; (b) the value of the Units; (c) the risks involved in accepting the offer; (d) such persons' own information needs; and (e) the adequacy of the information given by the MGCCT.

The offer will not be made to members of the "public" in New Zealand.

No person may offer, invite, sell or deliver any security or distribute any documents (including this document) to any person in New Zealand except in accordance with all of the legal requirements of New Zealand, including the Securities Act 1978 (New Zealand).

PRC (excluding Hong Kong, Macau and Taiwan)

The Units may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC.

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC. The Manager does not represent that this document may be lawfully distributed, or that any Units may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Manager which would permit a public offering of any Units or distribution of this document in the PRC. Accordingly, the Units may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly to any resident of the PRC, by means of this document or any other document, except pursuant to applicable laws and regulations of the PRC. Neither this document nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Qatar

This Prospectus is not intended to constitute an offer, sale or delivery of shares, units in a collective investment scheme or other securities under the laws of the State of Qatar ("**Qatar**") including the rules and regulations of the Qatar Financial Centre Authority ("**QFCA**") or the Qatar Financial Centre Regulatory Authority ("**QFCRA**") or equivalent laws and regulations of the Qatar Financial Markets Authority ("**QFMA**") and the Qatar Central Bank ("**QCB**").

This Prospectus has not been lodged or registered with, or reviewed or approved by the QFCA, the QFCRA, the QCB or the QFMA and is not otherwise authorised or licensed for distribution in Qatar or the Qatar Financial Centre ("**QFC**"). The information contained in this Prospectus does not, and is not intended to, constitute a public or general offer or other invitation in respect of shares, units in a collective investment scheme, or other securities in Qatar or the QFC.

This Prospectus originates from outside of the jurisdiction of Qatar and is distributed to a limited number of sophisticated potential investors who are willing and able to conduct an independent investigation of the risks involved in an investment. Investors in the scheme may not have the same access to information about the scheme that they would have to information about a collective investment scheme registered in the QFC. Recourse against the scheme, and those involved with it, may be limited or difficult and may have to be pursued in a jurisdiction outside the QFC.

The Joint Global Coordinators are each an entity regulated under laws outside Qatar and are not regulated or authorised by the QCB, QFMA, QFCA, QFCRA or any other government authority in Qatar. The Joint Global Coordinators are not, by virtue of the distribution of this Prospectus, conducting any banking, investment or other commercial business in Qatar or the QFC.

Saudi Arabia

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Units in the Kingdom of Saudi Arabia. As required by Article 4 of the Investment Fund Regulations, as enacted by Resolution of the Board of the Capital Market Authority No. 1-219-2006 dated 3/12/1427 H (24 December 2006) (the "**IF Regulations**"), the Units will only be initially offered and sold in the Kingdom of Saudi Arabia following 15 days prior notification to the Capital Market Authority ("**CMA**") through an entity authorised by the CMA in accordance with the Authorised Persons Regulations, as enacted by Resolution of the Board of the Capital Market Authority No. 1-83-2005 dated 21/5/1426 H (28 June 2005) and further amended.

The Units will be offered in the Kingdom of Saudi Arabia to no more than two hundred offerees and the minimum amount payable per offeree will not be less than Saudi Riyals one million or an equivalent initial amount, in accordance with Articles 4 of the IF Regulations. Investors are informed that Article 4 of the IF Regulations places restrictions on secondary market activity with respect to the Units, which are summarised as follows:

(a) any transfer must be made through an entity licensed by the CMA;

(b) a person (the "**Transferor**") who has acquired Units may not offer or sell such Units or any part thereof to any person (referred to as a "**Transferee**") unless the price to be paid by the Transferee for such Units equals or exceeds Saudi Riyals 1 million;

(c) if the provisions of paragraph (b) cannot be fulfilled because the price of the Units being offered or sold to the Transferee has declined since the date of the original private placement, the Transferor may offer or sell the Units to the Transferee if their purchase price during the period of the original offer was equal to or exceeded Saudi Riyals 1 million;

(d) if the provisions of either (b) or (c) cannot be fulfilled, the Transferor may offer or sell the units if he/she sells his entire holding of the Units to one Transferee; and

(e) the provisions of paragraphs (b), (c) and (d) shall apply to all subsequent Transferees of the Units.

Switzerland

The Units may not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this document nor any other solicitation for investments in MGCCT may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156/652a of the Swiss Code of Obligations ("**CO**"). This document may not be copied, reproduced, distributed or passed on to others without the Joint Global Coordinators' prior written consent. This document is not a prospectus within the meaning of Articles 1156/652a of the CO and MGCCT will not be listed on the SIX Swiss Exchange. Therefore, this document may not comply with the disclosure standards of the CO and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange set forth in art. 27 et seq. of the SIX Listing Rules. In addition, it cannot be excluded that MGCCT could qualify as a foreign collective investment scheme pursuant to Article 119 of the Swiss Federal Act on Collective Investment Schemes, as amended ("**CISA**"). MGCCT will not be licensed for distribution in and from Switzerland. Therefore, Units may only be distributed to so-called "qualified investors" in and from Switzerland in accordance with Articles 10 and 120 CISA and Article 6 of the implementing ordinance, as amended, to the CISA.

Taiwan

The offering of the Units has not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China, pursuant to relevant securities laws and regulations, and may not be offered or sold in Taiwan, the Republic of China through a public offering, or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan, the Republic of China that requires registration or approval of the Financial Supervisory Commission of Taiwan, the Republic of China. No person or entity in Taiwan, the Republic of China has been authorized to offer or sell the Units in Taiwan, the Republic of China.

The Netherlands

With regard to the Offering, the Manager is not obliged to obtain a license pursuant to the Netherlands Act on Financial supervision (*Wet op het financieel toezicht*) ("**AFS**") and the Manager is not subject to the supervision of the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) ("**AFM**").

The Units will not be offered or sold, directly or indirectly, in the Netherlands, other than solely to Qualified Investors (*gekwalificeerde beleggers*) as defined in section 1:1 of the AFS, all within the meaning of section 1:12 and section 5:2 of the AFS.

United Arab Emirates (excluding the Dubai International Financial Centre)

In accordance with the provisions of the UAE Securities and Commodities Authorities ("**SCA**") Board Decision No. 37 of 2012, the Units to which this Prospectus relates may only be promoted in the United Arab Emirates (the "**UAE**") with the prior approval of the SCA and by way of (i) private placement by persons authorised to do so by the UAE Central Bank or the SCA, or (ii) institutional private placement by licensed representative offices subject to a minimum subscription amount per individual institutional investor of ten (10) million UAE Dirhams.

Any approval of the SCA to the promotion of the Units in the UAE does not represent a recommendation to purchase or invest in MGCCT. The SCA has not verified this document or other documents in connection with MGCCT and the SCA may not be held liable for any default by any party involved in the operation, management or promotion of MGCCT or in the performance of their responsibilities and duties, or the accuracy or completeness of the information in this Prospectus.

The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective investors should conduct their own due diligence on the Units. If you do not understand the contents of this document you should consult an authorised financial advisor.

United Kingdom

The Units in MGCCT are units in a collective investment scheme as defined in the Financial Services and Markets Act 2000 ("**FSMA**") of the United Kingdom ("**UK**"). MGCCT has not been authorised, or otherwise recognised or approved by the UK Financial Services Authority ("**FSA**") and, as an unregulated collective investment scheme, accordingly cannot be marketed in the UK to the general public.

The issue or distribution of this document in the UK, (a) if made by a person who is not an authorised person under FSMA, is being made only to, or directed only at, persons who (i) are investment professionals falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO Order**") who meet the requirements thereunder; or (ii) are high net worth companies (and certain other entities) falling within Article 49 of the FPO

Order who meet the requirements thereunder; or (iii) persons to whom it may otherwise lawfully be distributed under the FPO Order (all such persons together being referred to as "**FPO persons**"); and (b) if made by a person who is an authorized person under FSMA, is being made only to, or directed only at, (i) investment professionals falling within Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**CIS Order**") who meet the requirements thereunder; or (ii) high net worth companies (and certain other entities) falling within Article 22 of the CIS Order who meet the requirements thereunder; or (iii) persons to whom it may otherwise lawfully be distributed under the CIS Order or Section 4.12 of the FSA's Conduct of Business Sourcebook (all such persons together being referred to as "**PCIS persons**" and, together with the FPO persons, the "**relevant persons**"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Potential investors in the UK are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in MGCCT and that compensation will not be available under the UK Financial Services Compensation Scheme.

United States

The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act. The Units are being offered and sold outside of the United States in reliance on Regulation S (terms used in this subsection that are defined in Regulation S are used herein as defined therein).

Transfer Restrictions

Each purchaser of the Units offered hereby in reliance on Regulation S will be deemed to have represented and agreed that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

(a) it is aware that the Units have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;

(b) it is purchasing the Units in an offshore transaction meeting the requirements of Regulation S; and

(c) it will not offer, sell, pledge or transfer any Units, except in accordance with the Securities Act and any applicable laws of any state of the United States and any other jurisdiction.

Terms used in this subsection that are defined in Regulation S are used herein as defined therein.

General

Each applicant for Units in the Offering will be deemed to have represented and agreed that it is relying on this Prospectus and not on any other information or representation not contained in this Prospectus and none of MGCCT, the Manager, the Sponsor, the Joint Global Coordinators or any other person responsible for this Prospectus or any part of it will have any liability for any such other information or representation.

CLEARANCE AND SETTLEMENT

INTRODUCTION

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Units. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1,000 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within four Market Days after the closing date for applications for the Units.

CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

CLEARING FEE

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600.00 per transaction. The clearing fee, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

EXPERTS

KPMG LLP, the Reporting Auditors, were responsible for preparing the Reporting Auditors' Report on the Profit Forecast and Profit Projections, the Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at 31 March 2012 and 30 September 2012 and for the Seven Months Ended 31 March 2012 and Six Months Ended 30 September 2012 and the Reporting Auditors' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date found in Appendix A, Appendix B and Appendix D of this Prospectus respectively.

KPMG Services Pte. Ltd., the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix F of this Prospectus.

CBRE HK Limited, DTZ Debenham Tie Leung Limited, Knight Frank Petty Limited and Vigers Appraisal and Consulting Limited, the Independent Valuers, were responsible for preparing the Independent Property Valuation Summary Reports found in Appendix G of this Prospectus.

Colliers International Property Consultants (Shanghai) Co. Ltd, Savills (Hong Kong) Limited and Urbis Pty Ltd, the Independent Market Research Consultants, were responsible for preparing the Independent Property Market Research Reports found in Appendix H of this Prospectus.

The Independent Tax Adviser, the Independent Valuers and the Independent Market Research Consultants have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this Prospectus, and to act in such capacity in relation to this Prospectus.

None of Allen & Gledhill LLP, Paul Hastings, WongPartnership LLP, Allen & Overy LLP, Fangda Partners or Shook Lin & Bok LLP, makes, or purports to make, any statement in this Prospectus and none of them is aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

Save for the statements attributed to Jin Mao Partners in the section "Risk Factors – Risks Relating to the Properties – There is a pending appeal in relation to the HK Gateway Plaza Company Limited which owns Gateway Plaza which may adversely affect the value of the Units" and "Business and Properties – Legal Proceedings" Jin Mao Partners does not make, or purport to make, any statement in this Prospectus and it is not aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

REPORTING AUDITORS

KPMG LLP, the Reporting Auditors, have given and have not withdrawn their consent to the issue of this Prospectus for the inclusion herein of:

- their name;
- the Reporting Auditors' Report on the Unaudited Pro Forma Financial Information; and
- the Reporting Auditors' Report on the Profit Forecast and Profit Projections,

in the form and context in which they appear in this Prospectus, and references to its name and such reports in the form and context which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

GENERAL INFORMATION

RESPONSIBILITY STATEMENT BY THE DIRECTORS

(1) The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, MGCCT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading, and the Directors are satisfied that the Profit Forecast and Profit Projections contained in "Profit Forecast and Profit Projections" have been stated after due and careful enquiry. Where information in the Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

MATERIAL BACKGROUND INFORMATION

(2) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Manager the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Manager.

(3) Save as disclosed in "Risk Factors – Risks Relating to the Properties – There is a pending appeal in relation to the HK Gateway Plaza Company Limited which owns Gateway Plaza which may adversely affect the value of the Units", there are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against MGCCT the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position (on a pro forma basis) of MGCCT.

(4) The name, age and address of each of the Directors are set out in "The Manager and Corporate Governance – Directors of the Manager". A list of the present and past directorships of each Director and executive officer of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix J, "List of Present and Past Principal Directorships of Directors and Executive Officers".

(5) There is no family relationship among the Directors and executive officers of the Manager.

(6) None of the Directors or executive officers of the Manager is or was involved in any of the following events:

    (i) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

    (ii) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

(iii) any unsatisfied judgment against him;

(iv) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(v) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(vi) at any time during the last 10 years, judgment been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(vii) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(viii) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(ix) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(x) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(b) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(c) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(xi) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

MATERIAL CONTRACTS

(7) The dates of, parties to, and general nature of every material contract which the Trustee has entered into within the two years preceding the date of this Prospectus (not being contracts entered into in the ordinary course of the business of MGCCT) are as follows:

(i) the Trust Deed;

(ii) the Sponsor ROFR;

(iii) the Share Purchase Agreements;

(iv) the Master Property Management Agreement; and

(v) the Licence Agreement.

DOCUMENTS FOR INSPECTION

(8) Copies of the following documents are available for inspection at the registered office of the Manager at 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438, for a period of six months from the date of this Prospectus (prior appointment would be appreciated):

(i) the material contracts referred to in paragraph 7 above, save for the Trust Deed (which will be available for inspection for so long as MGCCT is in existence);

(ii) the Underwriting Agreement;

(iii) the Reporting Auditors' Report on the Profit Forecast and Profit Projections as set out in Appendix A of this Prospectus;

(iv) the Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at 31 March 2012 and 30 September 2012 and for the Seven Months Ended 31 March 2012 and Six Months Ended 30 September 2012 as set out in Appendix B of this Prospectus;

(v) the Reporting Auditors' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date as set out in Appendix D of this Prospectus;

(vi) the Independent Taxation Report as set out in Appendix F of this Prospectus;

(vii) the Independent Property Valuation Summary Reports as set out in Appendix G of this Prospectus as well as the full valuation reports for each of the Properties;

(viii) the Independent Property Market Research Reports set out in Appendix H of this Prospectus;

(ix) the written consents of the Reporting Auditors, the Independent Valuers, the Independent Market Research Consultants and the Independent Tax Adviser (see "Experts" and "Reporting Auditors" for further details);

(x) the Sponsor Subscription Agreements;

(xi) the Cornerstone Subscription Agreements (as defined herein); and

(xii) the Depository Services Terms and Conditions.

CONSENTS OF THE JOINT GLOBAL COORDINATORS, UNDERWRITERS AND ISSUE MANAGERS

(9) Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch have each given and not withdrawn its written consent to being named in this Prospectus as a Joint Global Coordinator, Underwriter and Issue Manager to the Offering.

WAIVERS FROM THE SGX-ST

(10) The Manager has obtained from the SGX-ST waivers from compliance with the following listing rules under the Listing Manual:

(i) Rule 404(3), which relates to restrictions on investments subject to compliance with the CIS Code;

(ii) Rule 404(5), which requires the management company to be reputable and have an established track record in managing investments;

(iii) Rule 407(4), which requires the submission of the financial track record of the investment manager and investment adviser and persons employed by them;

(iv) Rule 409(3), which requires the annual accounts of the annual accounts of MGCCT for each of the last three financial years to be submitted to the SGX-ST together with the application to the SGX-ST for the listing of MGCCT; and

(v) Rule 609(b), which requires the disclosure in this Prospectus of the pro forma income statement or statement of comprehensive income of MGCCT for the latest three financial years and for the most recent interim period as if MGCCT had been in existence at the beginning of the period reported on, as well as the pro forma statement of financial position as at the date to which the most recent pro forma income statement or statement of comprehensive income has been made up.

MISCELLANEOUS

(11) The financial year end of MGCCT is 31 March.

(12) A full valuation of each of the real estate assets held by MGCCT will be carried out at least once a year in accordance with the Property Funds Appendix. Generally, where the Manager proposes to issue new Units (except in the case where new Units are being issued in payment of the Manager's management fees) or to redeem existing Units, a valuation of the real properties held by MGCCT must be carried out in accordance with the Property Funds Appendix. The Manager or the Trustee may at any other time arrange for the valuation of any of the real properties held by MGCCT if it is of the opinion that it is in the best interest of Unitholders to do so.

(13) While MGCCT is listed on the SGX-ST, investors may check the SGX-ST website http://www.sgx.com for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as *The Straits Times, The Business Times* and *Lianhe Zaobao*, for the price range within which Units were traded on the SGX-ST on the preceding day.

(14) The Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of MGCCT. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the Manager nor any of its Associates will be entitled to receive any part of any brokerage charged to MGCCT, or any part of any fees, allowances or benefits received on purchases charged to MGCCT.

%	:	Per centum or percentage
acquisition of the Properties	:	MGCCT's acquisition of the entire issued share capital of the Cayman Companies from the Vendors
Adjustments	:	Adjustments which are charged or credited to the consolidated profit and loss account of MGCCT for the relevant financial year or the relevant distribution period (as the case may be), including (i) unrealised income, including property revaluation gains, and reversals of impairment provisions; (ii) deferred tax charges/credits in respect of building capital allowance and accelerated tax depreciation; (iii) negative goodwill; (iv) differences between cash and accounting finance costs; (v) realised gains on the disposal of properties and disposal/settlement of financial instruments; (vi) the portion of the Management Fee and the property management fee that is paid or payable in the form of Units; (vii) costs of any public or other offering of Units or Convertible Instruments that are expensed but are funded by proceeds from the issuance of such Units or Convertible Instruments; (viii) depreciation and amortisation in respect of the Properties and their ancillary machines, equipment and other fixed assets; (ix) adjustment for amortisation of rental incentives; and (x) other non-cash gains and losses (as deemed appropriate by the Manager)
Aggregate Leverage	:	The total borrowings and deferred payments (if any) as a percentage of the Deposited Property
Application Forms	:	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
Application List	:	The list of applicants subscribing for Units which are the subject of the Public Offer
Associate	:	Has the meaning ascribed to it in the Listing Manual
ATM	:	Automated teller machine
Audit and Risk Committee	:	The audit and risk committee of the Board
Base Fee	:	10.0% per annum of Distributable Income
Base Rent	:	Rental income received (after leasing incentives such as rent rebates and rent-free periods where applicable, but excluding Turnover Rent)
Basic Law	:	The Basic Law of Hong Kong
BCA	:	Singapore Building and Construction Authority
Bestride	:	Beijing Bestride Real Estate Development Co Ltd

Bestride Motion	:	The motion filed by Beijing Bestride Real Estate Development Co Ltd for a property attachment order and bank account freezing order on Gateway Plaza
BMW Group	:	BMW Automotive Finance (China) Ltd, BMW AG Beijing Representative Office, BMW (China) Automotive Trading Ltd, BMW Brilliance Automotive Ltd and BMW (China) Service Ltd
Board	:	The board of directors of the Manager
Business Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
BVI SPV	:	Beijing Gateway Plaza (BVI) Limited
CAGR	:	Compounded annual growth rate
Cayman Companies	:	Claymore Limited and Beijing Gateway Plaza (Cayman) Ltd
CBD	:	Central business district
CBRE	:	CBRE HK Limited
CDP	:	The Central Depository (Pte) Limited
CFLD	:	China Future Land Development Co., Ltd
CIS Code	:	The Code on Collective Investment Schemes issued by the MAS
CMREF 1	:	CIMB-Mapletree Real Estate Fund 1
CMS Licence	:	Capital markets services licence for REIT management
Colliers	:	Colliers International Property Consultants (Shanghai) Co. Ltd
Committed Occupancy	:	Occupancy rate based on all current leases in respect of the Properties, including legally binding letters of offer which have been accepted for vacant units
Companies Act	:	Companies Act, Chapter 50 of Singapore
Company Law	:	The Company Law of PRC
Competitive Process	:	The competitive process as described in "The Manager and Corporate Governance – Corporate Governance of the Manager – Potential Conflicts of Interest – Competitive Process"

Cornerstone Investors	:	The cornerstone investors being AIA Company Limited, AIA Singapore Private Limited, American International Assurance Company (Bermuda) Limited, Hong Kong Branch, Asdew Acquisitions Pte Ltd, CBRE Clarion Securities LLC, Columbia Wanger Asset Management, LLC, Henderson Global Investors (Singapore) Limited, Henderson Global Investors Limited, Henderson Alternative Investment Advisor Limited, Hwang Investment Management Berhad, Morgan Stanley Investment Management Company, Myriad Opportunities Master Fund Limited, Newton Investment Management Limited, Norges Bank and Phileo Capital Limited
Cornerstone Subscription Agreements	:	The subscription agreements entered into between the Manager and the Cornerstone Investors to subscribe for the Cornerstone Units
Cornerstone Units	:	The 953,475,000 Units to be issued to the Cornerstone Investors
CPF	:	Central Provident Fund
Deposited Property	:	All the assets of MGCCT, including the Properties and all the authorised investments of MGCCT held or deemed to be held in accordance with the Trust Deed
Depository Services Terms and Conditions	:	The CDP's depository services terms and conditions in relation to the deposit of the Units in CDP
Distributable Income	:	MGCCT's distributable income in relation to a financial year
DPU	:	Distribution per Unit
DTZ	:	DTZ Debenham Tie Leung Limited
EJV	:	Sino-Foreign Equity Joint Venture
Exempted Agreements	:	The Trust Deed, the Share Purchase Agreements and the Master Property Management Agreement
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Facility	:	The HK$12,150 million unsecured term loan facility from the Lenders
Fee Arrangements	:	The fees arrangements of the Property Manager, the Manager and the Trustee
FIE	:	Foreign invested enterprise
First Distribution	:	The first distribution of MGCCT after the Listing Date for the period from the Listing Date to 30 September 2013

First Lock-up Period	:	The period commencing from the date of issuance of the Units until the date falling 180 days after the Listing Date (both dates inclusive)
Fixed Rent	:	Base Rent, service charges, chilled water charges and promotional levy, where applicable
Forecast Period 12/13	:	1 October 2012 to 31 March 2013
Future Greater China Commercial Private Funds	:	Future private funds or follow-on private funds to be set up or managed by any of the Mapletree Group with an investment mandate for commercial properties in Greater China and which, for the avoidance of doubt, exclude MIC and the Proposed New China Fund
FY	:	Financial year ended or, as the case may be, ending 31 March
F&B	:	Food and beverage
Gateway SPA Date	:	14 February 2013, being the date on which the Manager has signed the Share Purchase Agreement for Gateway Plaza
GFA	:	Gross floor area, which for the purposes of this Prospectus excludes underground car park area
Greater China	:	For the purposes of this Prospectus means Hong Kong and the PRC
Gross Rental Income	:	Comprises Fixed Rent and Turnover Rent, recognised on a cash basis. Gross Rental Income used for calculation of the operational metrics in the Prospectus differs from the Gross Rental Income provided in the Unaudited Pro Forma Financial Information and Profit Forecast and Profit Projections sections which take into account the amortisation of rent-free lease incentives as required under the relevant accounting standards
Gross Revenue	:	Consists of Gross Rental Income (after adjusting for rent-free incentives amortised over the lease periods) and other income earned from the Properties, including ice rink income, car park revenue, advertising and other income attributable to the operation of the Properties, and net of business tax for Gateway Plaza[1]
GST	:	Goods and Services Tax
Higher Court	:	Beijing Higher People's Court
HK$ or **Hong Kong dollars and cents**	:	Hong Kong dollars and cents, the lawful currency of Hong Kong
Hong Kong or **HKSAR**	:	The Hong Kong Special Administrative Region of the People's Republic of China

1 There is no equivalent business tax in Hong Kong.

Hong Kong Property Companies	:	Festival Walk Holdings Limited, Festival Walk (2011) Limited and HK Gateway Plaza Company Limited
Hong Kong Treasury Company	:	Mapletree Greater China Commercial Treasury Company (HKSAR) Private Limited
Independent Market Research Consultants	:	Colliers, Savills and Urbis
Independent Tax Adviser	:	KPMG Services Pte. Ltd.
Independent Valuers	:	CBRE, DTZ, Knight Frank and Vigers
Instruments	:	Offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units
Interested Person	:	Has the meaning ascribed to it in the Listing Manual
Interested Person Transaction	:	Has the meaning ascribed to it in the Listing Manual
IPO	:	Initial public offering
IPO Portfolio	:	The IPO portfolio of Properties held by MGCCT as at the Listing Date
IRAS	:	Inland Revenue Authority of Singapore
Joint Global Coordinators, Underwriters and Issue Managers or **Joint Global Coordinators**	:	Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
Knight Frank	:	Knight Frank Petty Limited
Land Administration Law	:	The Land Administration Law of PRC (中华人民共和国土地管理法)
Latest Practicable Date	:	14 February 2013, being the latest practicable date prior to the lodgment of this Prospectus with the MAS
Laws on FIE	:	The Law of the PRC on Sino-Foreign Equity Joint Venture (中华人民共和国中外合资经营企业法), the Law of the PRC on Sino-Foreign Contractual Joint Venture (中华人民共和国中外合作经营企业法) and the Law of the PRC on Wholly Foreign-owned Enterprises (中华人民共和国外资企业法)
Lenders	:	DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, United Overseas Bank Limited, Oversea-Chinese Banking Corporation Limited, Citibank N.A. Singapore Branch and Goldman Sachs Bank USA
Lettable Area	:	Area that is to be leased and for which rent is payable as stipulated in the respective tenancy agreements

Licence Agreement	:	The Licence Agreement entered into between the Sponsor and the Trustee dated 14 February 2013
Listing Date	:	The date of admission of MGCCT to the Official List of the SGX-ST
Listing Manual	:	The Listing Manual of the SGX-ST
Litigation Action	:	The existing litigation in relation to HK Gateway Plaza Company Limited which owns Gateway Plaza
Lock-up Period	:	The First Lock-Up Period and the Second Lock-Up Period
Lock-up Units	:	The Units which are held by the Sponsor and any other entity which is wholly-owned by the Sponsor which are subject to the lock-up arrangement
Manager	:	Mapletree Greater China Commercial Trust Management Ltd., in its capacity as manager of MGCCT
Management Fee or **Manager's Management Fee**	:	Base Fee and Performance Fee
Mapletree or **Mapletree Group**	:	MIPL and its subsidiaries
Market Day	:	A day on which the SGX-ST is open for trading in securities
MAS	:	Monetary Authority of Singapore
Master Property Management Agreement	:	The master property management agreement dated 14 February 2013 entered into between the Manager, the Trustee and the Property Manager
MCT	:	Mapletree Commercial Trust
MGCCT	:	Mapletree Greater China Commercial Trust, a real estate investment trust established in Singapore and constituted by the Trust Deed
MIC	:	Mapletree India China Fund Ltd.
MIF	:	Mapletree Industrial Fund Ltd
MIT	:	Mapletree Industrial Trust
MITP	:	Mapletree Industrial Trust – Private
MIPL or **Sponsor**	:	Mapletree Investments Pte Ltd
MLT	:	Mapletree Logistics Trust
MLTM	:	Mapletree Logistics Trust Management Ltd.
MNCs	:	Multinational corporations
MOC	:	Ministry of Commerce of the PRC

MREM	:	Mapletree Real Estate Mezzanine Fund 1
MTR	:	Mass Transit Railway of Hong Kong
NAV	:	Net asset value
NDRC	:	National Development and Reform Commission of the PRC
Net Property Income or **NPI**	:	Gross Revenue less property expenses
NLA	:	Net lettable area
No. 50 Notice	:	The Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (关于进一步加强、规范外商直接投资房地产业审批和监管的通知)
Offering	:	The offering of 776,636,000 Units by the Manager for subscription at the Offering Price under the Placement Tranche and the Public Offer
Offering Price	:	The subscription price of $0.93 per Unit under the Offering
Offering Units	:	The 776,636,000 Units to be issued pursuant to the Offering
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Over-Allotment Option	:	An option granted by the Unit Lender to the Joint Global Coordinators to purchase from the Unit Lender up to an aggregate of 79,851,000 Units at the Offering Price, solely to cover the over-allotment of Units (if any)
Participating Banks	:	DBS Bank (including POSB), Oversea-Chinese Banking Corporation Limited (OCBC) and UOB and its subsidiary, Far Eastern Bank Limited (UOB Group)
Passing Rent	:	Rental income generated from current tenancy agreements
Pending Appeal	:	The appeal pending before the Supreme People's Court of China in relation to the Litigation Action
Performance Fee	:	25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year
Placement Tranche	:	The international placement of Units to investors, including institutional and other investors in Singapore other than the Sponsor and the Cornerstone Investors, pursuant to the Offering

PRC	:	The People's Republic of China, and for the purposes of this Prospectus, refers to mainland China
Profit Forecast and Profit Projections	:	The forecast results for the Forecast Period 12/13 and the projected results for the Projection Year 13/14 and the Projection Year 14/15
Projection Year 13/14 or **FY13/14**	:	1 April 2013 to 31 March 2014
Projection Year 14/15 or **FY14/15**	:	1 April 2014 to 31 March 2015
Properties	:	The properties which are held by MGCCT, and "**Property**" means any one of them
Property Funds Appendix	:	Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts
Property Law	:	The Property Law of the PRC (中华人民共和国物权法)
Property Manager	:	Mapletree Greater China Property Management Limited, as the property manager of MGCCT
Property Management Rules	:	The Property Management Rules (物业管理条例) promulgated by the State Council on 8 June 2003 and revised on 26 August 2007
Proposed New China Fund	:	The fund which the Sponsor is in the process of establishing which has an investment mandate which covers development of mixed-use or single-use office, business park, retail, industrial, serviced apartment and residential projects and the acquisition of similar projects or properties (as the case may be) with value enhancement potential located in China
Provisions of Real Estate Transfer	:	The Provisions of Administration of Transfer of Urban Real Property (城市房地产转让管理规定) promulgated in August 1995 and revised on 15 August 2001 by the Ministry of Construction of the PRC
Public Offer	:	The offering to the public in Singapore of 265,357,000 Units
Rateable Value	:	An estimate of the annual rental value of a property in Hong Kong at a designated valuation reference date, assuming that the property was then vacant and to be let
Recognised Stock Exchange	:	Any stock exchange of repute in any part of the world
Regulation S	:	Regulation S under the Securities Act
REIT	:	Real estate investment trust
Related Party	:	Refers to an interested person and/or, as the case may be, an interested party

Related Party Transactions	:	"Interested person transactions" in the Listing Manual and "interested party transactions" in the Property Funds Appendix
Relevant Asset	:	In relation to the Sponsor ROFR, means a completed income-producing real estate located in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes) but does not include any seed asset which is proposed to be injected into a Future Greater China Commercial Private Fund in conjunction with the establishment of such Future Greater China Commercial Private Fund.. Where such real estate is held by a Relevant Entity through a SPV established solely to own such real estate, the term "**Relevant Asset**" shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term "**Relevant Asset**" shall refer to the ownership share of the Relevant Entity in such real estate
Relevant Entity	:	In relation to the Sponsor ROFR, any of the Sponsor and its existing or future subsidiaries and Future Greater China Commercial Private Funds, and where such subsidiaries or Future Greater China Commercial Private Funds are not wholly-owned by the Sponsor, and whose other shareholder(s) or private fund investor(s) is/are third parties, such subsidiaries or Future Greater China Commercial Private Funds will be subject to the Sponsor ROFR only upon obtaining the consent of the relevant third parties, and in this respect, the Sponsor shall use best its endeavours to obtain such consent
Reporting Auditors	:	KPMG LLP
Reserved Units	:	50,304,000 Units reserved for subscription by the directors, management, employees and business associates of the Sponsor and its subsidiaries
RMB or **Renminbi**	:	Renminbi, the lawful currency of the PRC
RREEF CCT	:	RREEF China Commercial Trust
S$ or **Singapore dollars and cents**	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
SAFE	:	The State Administration of Foreign Exchange of the PRC
SARS	:	Severe Acute Respiratory Syndrome
Savills	:	Savills (Hong Kong) Limited
Second Lock-up Period	:	The period immediately following the First Lock-up Period until the date falling 360 days after the Listing Date
Securities Account	:	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP

Securities Act	:	U.S. Securities Act of 1933, as amended
Securities and Futures Act or **SFA**	:	Securities and Futures Act, Chapter 289 of Singapore
Settlement Date	:	The date and time on which the Units are issued as settlement under the Offering
SGX-ST	:	Singapore Exchange Securities Trading Limited
Share Purchase Agreements	:	The share purchase agreements entered into on 14 February 2013 in respect of the entire issued share capital of Claymore Limited (which indirectly holds Festival Walk) and Beijing Gateway Plaza (Cayman) Ltd (which holds Gateway Plaza) (each as amended by the respective supplemental agreement dated 27 February 2013)
Singapore Tax Ruling	:	The tax ruling dated 30 January 2013 issued by the IRAS on the exemption of dividend receivable by MGCCT from the Cayman Companies on or before 31 March 2015
SITA	:	Income Tax Act, Chapter 134 of Singapore
Sponsor Initial Unit	:	The one Unit held by the Sponsor through Moonstone Assets Pte. Ltd. on the Listing Date immediately before the issue of the Offering Units
Sponsor ROFR	:	Right of first refusal provided by the Sponsor to MGCCT
Sponsor Subscription Agreements	:	The subscription agreements entered into between the Manager and each of Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd., all of which are wholly-owned subsidiaries of the Sponsor, dated 14 February 2013 to subscribe for the Sponsor Subscription Units
Sponsor Subscription Units	:	The 931,597,999 Units subscribed by Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd., all of which are wholly-owned subsidiaries of the Sponsor
Sponsor Units	:	The Sponsor Initial Unit and the Sponsor Subscription Units
SPV	:	Special purpose vehicle
sq ft	:	Square feet
sq m	:	Square metres
SSD	:	The Special Stamp Duty introduced by the Hong Kong Government on residential properties in November 2010
Stabilising Manager	:	Citigroup Global Markets Singapore Pte. Ltd.
Substantial Unitholder	:	Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue

Tax-Exempt Income	:	Tax-exempt dividends receivable from the Cayman Companies in accordance with the Singapore Tax Ruling and from the Hong Kong Treasury Company under the SITA
Taxable Income	:	Income derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore by MGCCT that are not covered by the Singapore Tax Ruling
The Glacier	:	The ice rink business located at Festival Walk
Transaction Review Committee	:	The transaction review committee which will be used to resolve any potential conflict of interest between MGCCT, the Proposed New China Fund and any Future Greater China Commercial Private Fund
Turnover Rent	:	Rent calculated by reference to a pre-determined percentage of a tenant's sales turnover
Trust Deed	:	The trust deed dated 14 February 2013 entered into between Mapletree Greater China Commercial Trust Management Ltd. and DBS Trustee Limited constituting MGCCT, and as may be amended, varied or supplemented from time to time
Trustee	:	DBS Trustee Limited, in its capacity as trustee of MGCCT
Unaudited Pro Forma Financial Information	:	Unaudited pro forma consolidated financial information of MGCCT and its subsidiaries
Underwriting Agreement	:	The underwriting agreement dated 27 February 2013 entered into between the Sponsor, the Manager, the Joint Global Coordinators and the Unit Lender
Underwriting and Selling Commission	:	The underwriting and selling commission payable to the Joint Global Coordinators for their services in connection with the Offering
Unit(s)	:	An undivided interest in MGCCT as provided for in the Trust Deed
Unit Issue Mandate	:	The general mandate for the Manager to issue Units within certain limits until (i) the conclusion of the first annual general meeting of MGCCT or (ii) the date by which first annual general meeting of MGCCT is required by applicable regulations to be held, whichever is earlier
Unit Lender	:	Moonstone Assets Pte. Ltd.
Unit Lending Agreement	:	The unit lending agreement entered into between the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) and the Unit Lender dated 27 February 2013 in connection with the Over-Allotment Option

Unitholder(s)	:	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.
United States or **U.S.**	:	United States of America
Urban Land Regulations	:	Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中华人民共和国城镇国有土地使用权出让和转让暂行条例)
Urban Real Estate Law	:	The Land Administration Law and the Law of Administration of Urban Real Estate of PRC (中华人民共和国城市房地产管理法)
Urbis	:	Urbis Pty Ltd
Vendors	:	CM Assets Ltd. and MIC
Vigers	:	Vigers Appraisal and Consulting Limited
WALE	:	Weighted average lease expiry
WFOE	:	Wholly foreign-owned enterprise

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

Information contained in the Manager's website and the Sponsor's website does not constitute part of this Prospectus.

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REPORTING AUDITORS' REPORT ON THE PROFIT FORECAST AND PROFIT PROJECTIONS

The Board of Directors
Mapletree Greater China Commercial Trust Management Ltd.
(in its capacity as Manager of Mapletree Greater China Commercial Trust)
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

DBS Trustee Limited
(in its capacity as Trustee of Mapletree Greater China Commercial Trust)
12 Marina Boulevard
#44-01 DBS Asia Central @ Marina Bay Financial Centre Tower 3
Singapore 018982

27 February 2013

Dear Sirs

Letter from the Reporting Accountants on the Profit Forecast for the Period from 1 October 2012 to 31 March 2013 and the Profit Projections for the Years Ending 31 March 2014 and 31 March 2015

This letter has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the initial public offering of units in Mapletree Greater China Commercial Trust ("MGCCT") at the offering price of S$0.93 per Unit (the "Offering").

The directors of Mapletree Greater China Commercial Trust (the "Directors") are responsible for the preparation and presentation of the forecast statement of total return for the period from 1 October 2012 to 31 March 2013 (the "Profit Forecast"), and the projected statements of total return for the years ending 31 March 2014 and 31 March 2015 (collectively, the "Profit Projections") as set out on pages 110 and 111 of the Prospectus, which have been prepared on the basis of the assumptions set out on pages 111 to 119 of the Prospectus.

We have examined the Profit Forecast of MGCCT for the period from 1 October 2012 to 31 March 2013 and the Profit Projections for the years ending 31 March 2014 and 31 March 2015 as set out on pages 110 and 111 of the Prospectus in accordance with Singapore Standard on Assurance Engagements ("SSAE") 3400 *The Examination of Prospective Financial Information*. The Directors are solely responsible for the Profit Forecast and Profit Projections including the assumptions set out on pages 111 to 119 of the Prospectus on which they are based.

Profit Forecast

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion the Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages C-20 to C-30 of the Prospectus, and is presented in accordance with the applicable presentation principles of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* (but not all the required disclosures) issued by the Institute of Certified Public Accountants of Singapore ("ICPAS"), which is the framework to be adopted by MGCCT in the preparation of its financial statements.

Profit Projections

The Profit Projections are intended to show a possible outcome based on the stated assumptions. As MGCCT is newly established without any history of activities and because the length of the period covered by the Profit Projections extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projections (which include hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for a profit forecast. The Profit Projections do not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projections. Further, in our opinion the Profit Projections, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages C-20 to C-30 of the Prospectus, and is presented in accordance with the applicable presentation principles of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* (but not all the required disclosures), which is the framework to be adopted by MGCCT in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to be different from the Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast and Profit Projections.

Attention is drawn, in particular, to the risk factors set out on pages 52 to 80 of the Prospectus which describe the principal risks associated with the Offering, to which the Profit Forecast and Profit Projections relate and the sensitivity analysis of the Profit Forecast and Profit Projections set out on pages 120 to 122 of the Prospectus.

Yours faithfully

KPMG LLP
Public Accountants and
Certified Public Accountants
(Partner-in-charge: Lo Mun Wai)

Singapore

REPORTING AUDITORS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
AS AT 31 MARCH 2012 AND 30 SEPTEMBER 2012 AND
FOR THE SEVEN MONTHS ENDED 31 MARCH 2012 AND
SIX MONTHS ENDED 30 SEPTEMBER 2012

The Board of Directors
Mapletree Greater China Commercial Trust Management Ltd.
(in its capacity as Manager of Mapletree Greater China Commercial Trust)
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

DBS Trustee Limited
(in its capacity as Trustee of Mapletree Greater China Commercial Trust)
12 Marina Boulevard
#44-01 DBS Asia Central @ Marina Bay Financial Centre Tower 3
Singapore 018982

27 February 2013

Dear Sirs

Letter from the reporting auditors on the unaudited pro forma financial information as at 31 March 2012 and 30 September 2012 and for the seven months ended 31 March 2012 and six months ended September 2012

We report on the unaudited pro forma financial information set out in Appendix C of the prospectus (the "Prospectus") to be issued in connection with the initial public offering of units in Mapletree Greater China Commercial Trust ("MGCCT"). The unaudited pro forma financial information of MGCCT and its subsidiaries (collectively, the "Pro Forma Group"), comprising the unaudited pro forma statements of total return for the seven months ended 31 March 2012 and the six months ended 30 September 2012, the unaudited pro forma cash flow statements for the seven months ended 31 March 2012 and the six months ended 30 September 2012 and the unaudited pro forma balance sheets as at 31 March 2012 and 30 September 2012 (collectively, the "Unaudited Pro Forma Financial Information"), have been prepared for illustrative purposes only and are based on certain assumptions, after making certain adjustments, to show what:

(a) the financial position of the Pro Forma Group as at 31 March 2012 and 30 September 2012 would have been if it had acquired Festival Walk and Gateway Plaza (collectively, the "Properties") through the acquisition of the entire issued share capital of Claymore Limited and Beijing Gateway Plaza (Cayman) Ltd (collectively, the "Property Companies"), under the same terms set out in the Prospectus on 31 March 2012 and 30 September 2012, respectively.

    Claymore Limited holds the entire issued share capital of Festival Walk Holdings Limited and Festival Walk (2011) Limited, which holds Festival Walk. Beijing Gateway Plaza (Cayman) Ltd holds the entire issued share capital of Gateway Plaza Property Operations (Beijing) Limited and HK Gateway Plaza Company Limited, which holds Gateway Plaza;

(b) the total return of the Pro Forma Group would have been if it had acquired the Properties through the acquisition of the entire issued share capital of the Property Companies, under the same terms set out in the Prospectus on 1 September 2011; and

(c) the cash flows of the Pro Forma Group would have been if it had acquired the Properties through the acquisition of the entire issued share capital of the Property Companies, under the same terms set out in the Prospectus on 1 September 2011.

The objective of the Unaudited Pro Forma Financial Information of the Pro Forma Group is to show what the financial position, total return and cash flows might have been had the Pro Forma Group existed at the earlier dates, as described above. However, the Unaudited Pro Forma Financial Information of the Pro Forma Group is not necessarily indicative of the financial position, total return and cash flows that would have been attained had the Pro Forma Group actually existed earlier. The Unaudited Pro Forma Financial Information, because of its nature, may not give a true picture of the Pro Forma Group's actual financial position, total return or cash flows.

The Unaudited Pro Forma Financial Information is the responsibility of the directors of Mapletree Greater China Commercial Trust Management Ltd. (the "Directors"). Our responsibility is to express an opinion on the Unaudited Pro Forma Financial Information based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice (SAP) 24 *Auditors and Public Offering Documents*. Our work, which involved no independent examination of the underlying financial information, consisted primarily of:

(a) comparing the unaudited pro forma financial information to the audited financial statements of CM Assets Ltd. (the vendor of the shares in Claymore Limited) and its subsidiaries for the period from 19 July 2011 to 31 March 2012, the audited financial statements of Festival Walk (2011) Limited for the six months ended 30 September 2012, the unaudited management financial statements of Claymore Limited and Festival Walk Holdings Limited for the six months ended 30 September 2012, the audited financial statements of HK Gateway Plaza Company Limited and its subsidiaries for the seven months ended 31 March 2012 and the six months ended 30 September 2012 and the unaudited management financial statements of Beijing Gateway Plaza (Cayman) Ltd for the seven months ended 31 March 2012 and six months ended 30 September 2012;

(b) considering the evidence supporting the pro forma adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors.

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly prepared:

    (i) from the audited financial statements of CM Assets Ltd. and its subsidiaries for the period from 19 July 2011 to 31 March 2012 (which were prepared in accordance with International Financial Reporting Standards), the audited financial statements of Festival Walk (2011) Limited for the six months ended 30 September 2012 (which were prepared in accordance with accounting principles generally accepted in Hong Kong), the unaudited management financial statements of Claymore Limited and Festival Walk Holdings Limited for the six months ended 30 September 2012 (which were prepared in accordance with Singapore Financial Reporting Standards), the audited financial statements of HK Gateway Plaza Company Limited and its subsidiaries for the seven months ended 31 March 2012 and the six months ended 30 September 2012 (which were prepared in accordance with accounting principles generally accepted in Hong Kong) and the unaudited management financial statements of Beijing Gateway Plaza (Cayman) Ltd for the seven months ended 31 March 2012 and six months ended 30 September 2012 (which were prepared in accordance with Singapore Financial Reporting Standards), and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Certified Accountants of Singapore;

(ii) in a manner consistent with both the format of the financial statements and the accounting policies of the Pro Forma Group; and

(iii) on the basis set out in Section B of the Unaudited Pro Forma Financial Information.

(b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such financial information and in accordance with SAP 24.

The letter has been prepared for inclusion in the prospectus of MGCCT to be issued in connection with the initial public offering of units in MGCCT.

Yours faithfully

KPMG LLP
Public Accountants and
Certified Public Accountants
(Partner-in-charge: Lo Mun Wai)

Singapore

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MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA FINANCIAL INFORMATION

A INTRODUCTION

The Unaudited Pro Forma Financial Information has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the proposed listing of Mapletree Greater China Commercial Trust ("MGCCT") on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

MGCCT is a Singapore-domiciled unit trust, constituted pursuant to a trust deed dated 14 February 2013 between Mapletree Greater China Commercial Trust Management Ltd (the "Manager") and DBS Trustee Limited (the "Trustee") to acquire an initial portfolio of two commercial properties in Greater China, comprising Festival Walk in Hong Kong and Gateway Plaza in Beijing (collectively, the "Properties").

The Manager's key objectives is to provide unitholders of MGCCT with an attractive rate of return on their investment through regular and stable distributions, and to achieve long-term sustainable growth in such distributions and net asset value, while maintaining an appropriate capital structure for MGCCT through the following key strategies:

(i) actively manage MGCCT's property portfolio to achieve growth in revenue and net property income and maintain optimal occupancy levels;

(ii) seek property enhancement opportunities to support and enhance organic growth;

(iii) achieve portfolio growth through the acquisition of quality income-producing commercial properties that fit within MGCCT's investment strategy to enhance the return to unitholders and improve future income and capital growth; and

(iv) employ an appropriate mix of debt and equity in financing acquisitions, and utilise hedging strategies, where appropriate, to manage interest rate volatility and foreign exchange exposure for MGCCT.

MGCCT will acquire the Properties through the acquisition of the entire issued share capital of Claymore Limited and Beijing Gateway Plaza (Cayman) Ltd. respectively. Claymore Limited holds the entire issued share capital of Festival Walk Holdings Limited and Festival Walk (2011) Limited, which holds Festival Walk. Beijing Gateway Plaza (Cayman) Ltd. holds the entire issued share capital of Gateway Plaza Property Operations (Beijing) Limited and HK Gateway Plaza Company Limited, which holds Gateway Plaza.

The acquisitions as described above are collectively referred to as the "Acquisitions".

In connection with the Acquisitions, MGCCT proposes to issue 2,661,709,000 new Units (the "Offering") at an offering price of S$0.93 per Unit (the "Offering Price"). The Offering consists of (i) an international placement of 511,279,000 Units to investors, including institutional and other investors in Singapore, and (ii) an offering of 265,357,000 Units to the public in Singapore, of which 50,304,000 Units will be reserved for subscription by the directors, management, employees and business associates of Mapletree Investments Pte Ltd (the "Sponsor"). Separate from the Offering, Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd., all of which are wholly-owned subsidiaries of the Sponsor, have entered into a conditional subscription agreement to subscribe for 931,597,999 Units at the Offering Price. In addition, concurrently with, but separate from the Offering, cornerstone investors have entered into conditional subscription agreements to subscribe for an aggregate of 953,475,000 Units at the Offering Price.

B BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION

The Unaudited Pro Forma Financial Information set out in this report has been prepared for illustrative purposes only and based on certain assumptions, after making certain adjustments, and shows the Unaudited Pro Forma Balance Sheet of MGCCT and its subsidiaries (the "Pro Forma Group") as at 31 March 2012 and 30 September 2012, the Unaudited Pro Forma Statements of Total Return of the Pro Forma Group for the seven months ended 31 March 2012 and six months ended 30 September 2012, and the Unaudited Pro Forma Statements of Cash Flows of the Pro Forma Group for the seven months ended 31 March 2012 and the six months ended 30 September 2012.

The Unaudited Pro Forma Balance Sheets as at 31 March 2012 and 30 September 2012 reflect the financial position of the Pro Forma Group had it been in place and completed the Acquisitions on 31 March 2012 and 30 September 2012, respectively, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Statements of Total Return for the seven months ended 31 March 2012 and the six months ended 30 September 2012 reflect the financial performance of the Pro Forma Group had it been in place and completed the Acquisitions on 1 September 2011, pursuant to the terms set out in the prospectus to be issued in connection with the initial public offering of units in MGCCT (the "Prospectus").

The Unaudited Pro Forma Statements of Cash Flows for the seven months period ended 31 March 2012 and six months ended 30 September 2012 reflect the cash flows of the Pro Forma Group had it been in place and completed the Acquisitions on 1 September 2011, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Balance Sheets, Unaudited Pro Forma Statements of Total Return and Unaudited Pro Forma Statements of Cash Flows (collectively, the "Unaudited Pro Forma Financial Information") have been prepared on the basis of the accounting policies set out in Section D and is to be read in conjunction with Section E.

The objective of the Unaudited Pro Forma Financial Information is to show what the financial position, financial performance and cash flows might have been, had the Pro Forma Group as described above existed at an earlier date. However, the Unaudited Pro Forma Financial Information is not necessarily indicative of the financial position, financial performance and cash flows that would have been attained had the Pro Forma Group actually existed earlier.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro Forma Group's actual financial position, financial performance or cash flows.

The Unaudited Pro Forma Financial Information has been compiled based on:

(a) the audited financial statements of CM Assets Ltd. (the vendor of the shares in Claymore Limited) and its subsidiaries for the period from 19 July 2011 to 31 March 2012;

(b) the audited financial statements of Festival Walk (2011) Limited for the six months ended 30 September 2012;

(c) the unaudited management financial statements of Claymore Limited and Festival Walk Holdings Limited for the six months ended 30 September 2012;

(d) the audited financial statements of HK Gateway Plaza Company Limited and its subsidiaries for the seven months ended 31 March 2012 and the six months ended 30 September 2012; and

(e) the unaudited management financial statements of Beijing Gateway Plaza (Cayman) Ltd. for the seven months ended 31 March 2012 and the six months ended 30 September 2012.

The audited financial statements of CM Assets Ltd. and its subsidiaries for the financial period from 19 July 2011 to 31 March 2012 were prepared in accordance with International Financial Reporting Standards and were audited in accordance with International Standards of Auditing. The auditors' report on these financial statements was not subjected to any qualifications, modifications or disclaimers.

The audited financial statements of Festival Walk (2011) Limited for the six months ended 30 September 2012 were prepared in accordance with accounting principles generally accepted in Hong Kong and were audited in accordance with auditing standards generally accepted in Hong Kong. The auditors' report on these financial statements was not subjected to any qualifications, modifications or disclaimers.

The audited financial statements of the HK Gateway Plaza Company Limited and its subsidiaries for the seven months ended 31 March 2012 and the six months ended 30 September 2012 were prepared in accordance with accounting principles generally accepted in Hong Kong and were audited in accordance with auditing standards generally accepted in Hong Kong. The auditors' reports on these financial statements were not subjected to any qualifications, modifications or disclaimers.

The unaudited management financial statements of Claymore Limited and Festival Walk Holdings Limited for the six months ended 30 September 2012 were prepared in accordance with Singapore Financial Reporting Standards.

The unaudited management financial statements of Beijing Gateway Plaza (Cayman) Ltd. for the seven months ended 31 March 2012 and six months ended 30 September 2012 were prepared in accordance with Singapore Financial Reporting Standards.

The Unaudited Pro Forma Financial Information has been compiled from the financial statements disclosed above and is prepared on the basis of the accounting policies set out in Section D and is to be read in conjunction with Section E.

Unaudited Pro Forma Balance Sheets

The Unaudited Pro Forma Balance Sheets as at 31 March 2012 and 30 September 2012 have been prepared to reflect the financial position of the Pro Forma Group had the Pro Forma Group been in place and completed the Acquisitions on 31 March 2012 and 30 September 2012, respectively.

In arriving at the Unaudited Pro Forma Balance Sheet as at 31 March 2012, the following key adjustments were made:

- Adjustment to reverse the assets and liabilities of CM Assets Ltd., included in the consolidated financial statements of CM Assets Ltd. and its subsidiaries as at 31 March 2012 (used for compiling the Unaudited Pro Forma Sheet as of that date), which are not acquired by MGCCT;

- Adjustments to reflect (i) a loan from a related party of S$65.9 million; and (ii) settlement of tax liabilities of S$65.9 million prior to the Acquisitions;

- Adjustments to reflect (i) the termination of interest rate swaps entered into prior to the Acquisitions at a cost of S$0.4 million; and (ii) write-off of unamortised transaction costs of S$5.6 million relating to the borrowings existing prior to the Acquisitions;

- Adjustment to state the investment properties at their fair value of S$4,396.7 million and reflect the corresponding deferred tax liabilities;

- Adjustment to reflect the distributions to the shareholders of Beijing Gateway Plaza (Cayman) Ltd. and Claymore Limited of S$52.7 million and S$282.8 million respectively, prior to the Acquisitions;

- Adjustment to reflect the (i) net proceeds of S$2,427.4 million arising from the issuance of 2,661,709,000 Units in MGCCT at the Offering Price (net of issue costs of S$47.9 million); (ii) Acquisitions for a total consideration of S$776.5 million, including acquisition costs; (iii) settlement of balances with related parties of S$1,446.6 million; and (iv) repayment of existing borrowings drawn down (including interest payable) prior to the Acquisitions of S$2,157.3 million, and drawdown of new borrowings of S$1,976.9 million, net of transaction costs incurred of S$23.7 million.

In arriving at the Unaudited Pro Forma Balance Sheet as at 30 September 2012, the following key adjustments were made:

- Adjustments to reflect (i) a loan from a related party of S$64.3 million; and (ii) settlement of tax liabilities of S$64.3 million prior to the Acquisitions;

- Adjustments to reflect (i) the termination of interest rate swaps entered into prior to the Acquisitions at a cost of S$6.3 million and the related tax effect; and (ii) write-off of unamortised transaction costs of S$4.0 million relating to the borrowings existing prior to the Acquisitions;

- Adjustment to reflect the distributions to the shareholders of Beijing Gateway Plaza (Cayman) Ltd. and Claymore Limited of S$55.7 million and S$309.6 million respectively;

- Adjustment to reflect the (i) net proceeds of S$2,428.6 million arising from the issuance of 2,661,709,000 Units in MGCCT at the Offering Price (net of issue costs of S$46.8 million); (ii) Acquisitions for a total consideration of S$771.3 million, including acquisition costs; (iii) settlement of balances with related parties of S$1,417.1 million; (iv) repayment of existing borrowings drawn down (including interest payable) prior to the Acquisitions of S$2,104.8 million, and drawdown of borrowings of S$1,929.2 million, net of transaction costs incurred of S$23.2 million; and (v) revaluation of the Properties to S$4,294.5 million.

In addition, the following key assumptions were made:

- The exchange rates as at 31 March 2012 and 30 September 2012 are assumed to be as follows:

	31 March 2012	**30 September 2012**
Singapore dollar (S$) and Hong Kong Dollar (HK$)	S$0.1627:HK$1.00	S$0.1588:HK$1.00
S$ and Renminbi (RMB)	S$0.1992:RMB1.00	S$0.1951:RMB1.00

- The fair value of derivatives entered into by the Pro Forma Group is assumed to be zero.

Unaudited Pro Forma Statements of Total Return

The Unaudited Pro Forma Statements of Total Return have been prepared to reflect the financial performance of the Pro Forma Group had the Pro Forma Group been in place and completed the Acquisitions on 1 September 2011.

In arriving at the Unaudited Pro Forma Statement of Total Return for the seven months ended 31 March 2012, the following key adjustments were made:

- Adjustments to reverse the results of CM Assets Ltd. and its subsidiaries prior to 1 September 2011, and results from 1 September 2011 to 31 March 2012 of CM Assets Ltd. which is not acquired by MGCCT;

- Adjustments to (i) reverse the finance costs (including amortisation of transaction costs) and the related tax effect relating to the borrowings that existed prior to the Acquisitions; and (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowings drawn down by the Pro Forma Group;

- Adjustments to reverse the change in fair value of the Properties and the related tax effect recorded prior to the Acquisitions, and recognise the change in fair value arising from revaluing the Properties to S$4,396.7 million; and

- Adjustments to (i) reverse unrealised exchange differences; (ii) reverse property management fee and management fee based on the arrangements existing prior to the Acquisitions; and (iii) include Managers' fees, Trustee's fees, Property Manager's fees, and administrative and trust expenses based on MGCCT's structure.

In arriving at the Unaudited Pro Forma Statement of Total Return for six months ended 30 September 2012, the following key adjustments were made:

- Adjustments to (i) reverse the finance costs (including amortisation of transaction costs) and the related tax effect relating to the borrowings that existed prior to the Acquisitions; and (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowings drawn down by the Pro Forma Group;

- Adjustments to reverse the change in fair value of the Properties and the related tax effect recorded prior to the Acquisitions, and recognise the change in fair value arising from revaluing the Properties to S$4,294.5 million; and

- Adjustments to (i) reverse unrealised exchange differences; (ii) reverse property management fee and management fee based on the arrangements existing prior to the Acquisitions; and (iii) include Managers' fees, Trustee's fees, Property Manager's fees, and administrative and trust expenses based on MGCCT's structure.

In addition, the following key assumptions were made for each of the periods presented:

- The effective interest expense on the borrowings drawn down by the Pro Forma Group is estimated to be approximately 2% per annum (including amortisation of upfront fee on the debt facility);

- Manager's management fees, Trustee's fees and Property Manager's fees were computed based on the formula as set out in Section E. No marketing services commission and performance fee is paid to the Manager for the periods presented;

- There is no change in the fair value of derivatives that are entered into to hedge the Pro Forma Group's exposure to foreign currency and interest rate changes; and

- The exchange rates are assumed to be as follows:

	Average rate for the seven months ended 31 March 2012	**Average rate for the six months ended 30 September 2012**
S$ and HK$	S$0.1634:HK$1.00	S$0.1617:HK$1.00
S$ and RMB	S$0.2020:RMB1.00	S$0.1978:RMB1.00

Unaudited Pro Forma Statements of Cash Flows

The Unaudited Pro Forma Statements of Cash Flows for the seven months ended 31 March 2012 and the six months ended 30 September 2012 have been prepared to reflect the cash flows of the Pro Forma Group had the Pro Forma Group been in place and completed the Acquisitions on 1 September 2011.

In arriving at the Unaudited Pro Forma Statements of Cash Flows for the seven months ended 31 March 2012, the following key adjustments were made:

- Adjustments to reverse the cash flows of CM Assets Ltd. and its subsidiaries for the period prior to 1 September 2011, and the cash flows of CM Assets Ltd. from 1 September 2011 to 31 March 2012 as it is not acquired by MGCCT;

- Adjustments to (i) reverse the net change in fair value of the Properties of S$104.4 million and the related tax effects of S$14.0 million; (ii) reverse the unrealised exchange differences of S$3.1 million; (iii) reverse the property management fee of S$3.9 million based on the arrangement existing prior to the Acquisition; and (iv) include Manager's fees, Trustee's fees, Property Manager's fees, and other expenses relating to MGCCT of S$14.6 million;

- Adjustments to (i) reverse net finance costs of S$22.8 million incurred under the borrowings existing prior to the Acquisitions and the related tax effect; (ii) reflect the drawdown of the new borrowings by the Pro Forma Group of S$1,880.6 million and the transaction costs incurred of S$22.6 million; and (iii) reflect the net finance costs of S$19.8 million on the new borrowings drawn down by MGCCT and the related tax effect; and

- Adjustments to reflect (i) the net proceeds of S$2,429.8 million (net of issue costs of S$45.6 million) arising from the initial public offering relating to the issuance of 2,661,709,000 Units in MGCCT on 1 September 2011 at the Offering Price; (ii) the Acquisitions; (iii) the repayment of borrowing of S$2,171.7 million that existed prior to the Acquisitions; (iv) the net movement in the restricted cash balance of S$30.1 million; and (v) the distribution of retained earnings of S$169.5 million, settlement of related party balances of S$1,186.3 million and tax liabilities of S$62.7 million existing prior to the Acquisitions.

In arriving at the Unaudited Pro Forma Statements of Cash Flows for the six months ended 30 September 2012, the following key adjustments were made:

- Adjustments to (i) reverse the net change in fair value of the Properties of S$525.4 million and the related tax effects of S$34.8 million; (ii) reverse the exchange differences of S$1.3 million; (iii) reverse the property management fee of S$2.4 million based on the arrangement existing prior to the Acquisition; and (iv) include Manager's fees, Trustee's fees, Property Manager's fees, and other expenses relating to MGCCT of S$12.6 million;

- Adjustments to (i) reverse net finance costs of S$20.4 million incurred under the borrowings existing prior to the Acquisitions and the related tax effect; (ii) reflect the drawdown of the new borrowings by the Pro Forma Group of S$1,880.6 million and the transaction costs incurred of S$22.6 million; and (iii) reflect the net finance costs of S$16.8 million on the new borrowings drawn down by MGCCT and the related tax effect; and

- Adjustments to reflect (i) the net proceeds of S$2,429.8 million (net of issue costs of S$45.6 million) arising from the initial public offering relating to the issuance of 2,661,709,000 Units in MGCCT on 1 September 2011 at the Offering Price; (ii) the Acquisitions; (iii) the repayment of borrowing of S$2,171.7 million that existed prior to the Acquisitions; (iv) the net movement in the restricted cash balance of S$29.5 million; and (v) the distribution of retained earnings of S$169.5 million, settlement of related party balances of S$1,186.4 million and tax liabilities of S$62.7 million existing prior to the Acquisitions.

In addition, the following key assumptions were made:

- On 1 September 2011, the Acquisitions were made at a net purchase consideration of S$581.1 million;

- On 1 September 2011, the Properties were revalued to S$4,174.4 million. Subsequent to Acquisition Date, there was no change in the fair value of the Properties;

- The effective interest expense on the bank borrowings of the Pro Forma Group is estimated to be approximately 2% per annum and is fully paid in cash on the last day of the period presented;

- Manager's fees, Trustee's fees and Property Manager's fees were computed based on the formula as set out in Section E and are paid fully in cash on the last day of the period presented; and

- The exchange rates are assumed to be as follows:

	1 September 2011	**Average rate for seven months ended 31 March 2012**	**31 March 2012**
S$ and HK$	S$0.1548:HK$1.00	S$0.1634:HK$1.00	S$0.1627:HK$1.00
S$ and RMB	S$0.1889:RMB1.00	S$0.2020:RMB1.00	S$0.1992:RMB1.00

	1 April 2012	**Average rate for six months ended 30 September 2012**	**30 September 2012**
S$ and HK$	S$0.1627:HK$1.00	S$0.1617:HK$1.00	S$0.1588:HK$1.00
S$ and RMB	S$0.1992:RMB1.00	S$0.1978:RMB1.00	S$0.1951:RMB1.00

C UNAUDITED PRO FORMA FINANCIAL INFORMATION

Unaudited Pro Forma Balance Sheets

The Unaudited Pro Forma Balance Sheets as at 31 March 2012 and 30 September 2012 have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section B of the Prospectus.

	Note	Aggregated Balance Sheets	Pro Forma Adjustments						Unaudited Pro Forma Balance Sheet
			Note (a)	Note (b)	Note (c)	Note (d)	Note (e)	Note (f)	
As at 31 March 2012		**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Non-current assets									
Investment properties	3	3,866,226	–	–	–	530,481	–	–	4,396,707
Plant and equipment		402	–	–	–	–	–	–	402
		3,866,628	**–**	**–**	**–**	**530,481**	**–**	**–**	**4,397,109**
Current assets									
Derivative financial assets		113	–	–	(113)	–	–	–	–
Inventories		590	–	–	–	–	–	–	590
Trade and other receivables	4	35,719	1,886,101	–	–	–	–	(1,920,679)	1,141
Cash and cash equivalents	5	196,731	(23)	–	(267)	–	(117,400)	246	79,287
		233,153	**1,886,078**	**–**	**(380)**	**–**	**(117,400)**	**(1,920,433)**	**81,018**
Total assets		**4,099,781**	**1,886,078**	**–**	**(380)**	**530,481**	**(117,400)**	**(1,920,433)**	**4,478,127**

MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA FINANCIAL INFORMATION

As at 31 March 2012	Note	Aggregated Balance Sheets S$'000	Pro Forma Adjustments Note (a) S$'000	Note (b) S$'000	Note (c) S$'000	Note (d) S$'000	Note (e) S$'000	Note (f) S$'000	Unaudited Pro Forma Balance Sheet S$'000
Non-current liabilities									
Loans and borrowings	6	2,147,432	–	–	5,610	–	–	(199,838)	1,953,204
Trade and other payables	7	44,700	–	–	–	–	–	–	44,700
Deferred tax liabilities	8	48,163	–	(4,109)	–	26,077	–	(65,435)	4,696
		2,240,295	**–**	**(4,109)**	**5,610**	**26,077**	**–**	**(265,273)**	**2,002,600**
Current liabilities									
Derivative financial liabilities		380	–	–	(380)	–	–	–	–
Trade and other payables	7	1,243,074	1,885,675	65,897	–	–	218,185	(3,371,529)	41,302
Current tax payable		67,177	–	(61,788)	–	–	–	–	5,389
		1,310,631	**1,885,675**	**4,109**	**(380)**	**–**	**218,185**	**(3,371,529)**	**46,691**
Total liabilities		**3,550,926**	**1,885,675**	**–**	**5,230**	**26,077**	**218,185**	**(3,636,802)**	**2,049,291**
Net assets		**548,855**	**403**	**–**	**(5,610)**	**504,404**	**(335,585)**	**1,716,369**	**2,428,836**
Unitholders' funds		**548,855**	**403**	**–**	**(5,610)**	**504,404**	**(335,585)**	**1,716,369**	**2,428,836**

Notes to Pro Forma Adjustments:

(a) Adjustments to reverse assets and liabilities of CM Assets Ltd. which is not acquired by MGCCT.

(b) Adjustments to reflect (i) a loan from a related party; and (ii) settlement of tax liabilities prior to the Acquisitions.

(c) Adjustments to reflect (i) the termination of interest rate swaps entered into prior to the Acquisitions; and (ii) write-off of unamortised transaction costs relating to the borrowings existing prior to the Acquisitions.

(d) Adjustment to state the investment properties at their fair value of S$4,396.7 million and reflect the corresponding deferred tax liabilities.

(e) Adjustment to reflect the distributions to the shareholders of Beijing Gateway Plaza (Cayman) Ltd. and Claymore Limited prior to the Acquisitions.

(f) Adjustment to reflect (i) the net proceeds from the issuance of 2,661,709,000 Units in MGCCT at the Offering Price; (ii) the Acquisitions; (iii) settlement of balances with related parties; (iv) repayment of existing borrowings drawn down prior to the Acquisitions, and the drawdown of new borrowings, net of transaction costs incurred.

MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA FINANCIAL INFORMATION

	Note	Aggregated Balance Sheets S$'000	Pro Forma Adjustments Note (a) S$'000	Note (b) S$'000	Note (c) S$'000	Note (d) S$'000	Unaudited Pro Forma Balance Sheet S$'000
As at 30 September 2012							
Non-current assets							
Investment properties	3	4,295,464	–	–	–	(975)	4,294,489
Plant and equipment		1,038	–	–	–	–	1,038
		4,296,502	**–**	**–**	**–**	**(975)**	**4,295,527**
Current assets							
Inventories		619	–	–	–	–	619
Trade and other receivables	4	32,630	–	–	–	(29,226)	3,404
Cash and cash equivalents	5	257,023	–	(6,257)	(152,295)	41,471	139,942
		290,272	**–**	**(6,257)**	**(152,295)**	**12,245**	**143,965**
Total assets		**4,586,774**	**–**	**(6,257)**	**(152,295)**	**11,270**	**4,439,492**
Non-current liabilities							
Loans and borrowings	6	2,096,669	–	4,046	–	(194,688)	1,906,027
Derivative financial liabilities		7,494	–	(7,494)	–	–	–
Trade and other payables	7	41,769	–	–	–	–	41,769
Deferred tax liabilities	8	76,497	–	1,236	–	(64,173)	13,560
		2,222,429	**–**	**(2,212)**	**–**	**(258,861)**	**1,961,356**

MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA FINANCIAL INFORMATION

	Note	Aggregated Balance Sheets S$'000	Pro Forma Adjustments Note (a) S$'000	Note (b) S$'000	Note (c) S$'000	Note (d) S$'000	Unaudited Pro Forma Balance Sheet S$'000
Current liabilities							
Trade and other payables	7	1,214,520	64,306	–	212,960	(1,450,378)	41,408
Current tax payable		71,100	(64,306)	–	–	–	6,794
		1,285,620	**–**	**–**	**212,960**	**(1,450,378)**	**48,202**
Total liabilities		**3,508,049**	**–**	**(2,212)**	**212,960**	**(1,709,239)**	**2,009,558**
Net assets		**1,078,725**	**–**	**(4,045)**	**(365,255)**	**1,720,509**	**2,429,934**
Unitholders' funds		**1,078,725**	**–**	**(4,045)**	**(365,255)**	**1,720,509**	**2,429,934**

Notes to Pro Forma Adjustments:

(a) Adjustments to reflect (i) a loan from a related party; and (ii) settlement of tax liabilities prior to the Acquisitions.

(b) Adjustments to reflect (i) the termination of interest rate swaps entered into prior to the Acquisitions and the related tax effect; and (ii) write-off of unamortised transaction costs relating to the borrowings existing prior to the Acquisitions.

(c) Adjustment to reflect the distributions to the shareholders of Beijing Gateway Plaza (Cayman) Ltd. and Claymore Limited prior to the Acquisitions.

(d) Adjustment to reflect (i) the net proceeds from the issuance of 2,661,709,000 Units in MGCCT at the Offering Price; (ii) the Acquisitions; (iii) settlement of balances with related parties; (iv) repayment of existing borrowings drawn down prior to the Acquisitions, and the drawdown of new borrowings, net of transaction costs incurred; and (v) state the investment properties at their fair value of S$4,294.5 million.

Unaudited Pro Forma Statement of Total Return

The Unaudited Pro Forma Statements of Total Return of the Pro Forma Group for the seven months ended 31 March 2012 and the six months ended 30 September 2012 have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section B.

Seven months ended 31 March 2012	Note	Aggregated Statements of Total Return S$'000	Note (a) S$'000	Note (b) S$'000	Note (c) S$'000	Note (d) S$'000	Unaudited Pro Forma Statement of Total Return S$'000
Gross revenue	9	131,550	(6,016)	–	–	–	125,534
Property operating expenses	10	(27,338)	1,106	–	–	(794)	(27,026)
Net property income		**104,212**	**(4,910)**	**–**	**–**	**(794)**	**98,508**
Administrative expenses		(57)	6	–	–	(24)	(75)
Manager's management fees		–	–	–	–	(8,357)	(8,357)
Trustee's fees		–	–	–	–	(512)	(512)
Other trust expenses		–	–	–	–	(965)	(965)
Net finance costs	11	(23,865)	1,136	2,401	–	(3,106)	(23,434)
Change in fair value of investment properties		105,812	–	–	(104,405)	–	1,407
Total return for the period before tax		**186,102**	**(3,768)**	**2,401**	**(104,405)**	**(13,758)**	**66,572**
Income tax expense	12	(26,810)	–	525	14,031	–	(12,254)
Total return for the period		**159,292**	**(3,768)**	**2,926**	**(90,374)**	**(13,758)**	**54,318**

Notes to Pro Forma Adjustments:

(a) Adjustments to reverse the results of CM Assets Ltd. and its subsidiaries prior to 1 September 2011, and results from 1 September 2011 to 31 March 2012 of CM Assets Ltd. which is not acquired by MGCCT.

(b) Adjustments to (i) reverse the finance costs (including amortisation of transaction costs) and the related tax effect relating to the borrowings that existed prior to the Acquisitions; and (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowings drawn down by the Pro Forma Group.

(c) Adjustments to reverse the change in fair value of the Properties and the related tax effect recorded prior to the Acquisitions and recognise the change in fair value arising from revaluing the Properties to S$4,396.7 million.

(d) Adjustments to (i) reverse unrealised exchange differences; (ii) reverse property management fee and management fee based on the arrangements existing prior to the Acquisitions; and (iii) include Manager's fees, Trustee's fees, Property Manager's fees, and administrative and other trust expenses based on MGCCT's structure.

MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA FINANCIAL INFORMATION

Six months ended 30 September 2012	Note	Aggregated Statements of Total Return	Note (a) S$'000	Note (b) S$'000	Note (c) S$'000	Unaudited Pro Forma Statement of Total Return
Gross revenue	9	109,032	–	–	–	109,032
Property operating expenses	10	(19,637)	–	–	(1,808)	(21,445)
Net property income		**89,395**	**–**	**–**	**(1,808)**	**87,587**
Administrative expenses		(124)		–	(20)	(144)
Manager's management fees		–	–	–	(6,920)	(6,920)
Trustee's fees		–	–	–	(509)	(509)
Other trust expenses		–	–	–	(994)	(994)
Net finance costs	11	(21,741)	3,304	–	(1,281)	(19,718)
Change in fair value of investment properties		526,707	–	(525,362)	–	1,345
Total return for the period before tax		**594,237**	**3,304**	**(525,362)**	**(11,532)**	**60,647**
Income tax expense	12	(45,817)	248	34,850	–	(10,719)
Total return for the period		**548,420**	**3,552**	**(490,512)**	**(11,532)**	**49,928**

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) reverse the finance costs (including amortisation of transaction costs) and the related tax effect relating to the borrowings that existed prior to the Acquisitions; and (ii) reflect the finance costs (including amortisation of transaction costs) based on the new borrowings drawn down by the Pro Forma Group.

(b) Adjustments to reverse the change in fair value of the Properties and the related tax effect recorded prior to the Acquisitions, and recognise the change in fair value arising from revaluing the Properties to S$4,294.5 million.

(c) Adjustments to (i) reverse unrealised exchange differences; (ii) reverse property management fee and management fee based on the arrangements existing prior to the Acquisitions; and (iii) include Manager's fees, Trustee's fees, Property Manager's fees, and administrative and other trust expenses based on MGCCT's structure.

Unaudited Pro Forma Statements of Cash Flows

The Unaudited Pro Forma Statements of Cash Flows for the seven months ended 31 March 2012 and the six months ended 30 September 2012 have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information set out in Section B.

	Aggregated Statements of Cash Flows	Pro Forma Adjustments				Unaudited Pro Forma Statement of Cash Flows
		Note (a)	Note (b)	Note (c)	Note (d)	
Seven Months Period Ended 31 March 2012	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Cash flow from operating activities						
Total return for the period	159,292	(3,766)	(104,133)	2,925	–	54,318
Adjustments for:						
Manager's management fee paid/payable in units	–	–	8,357	–	–	8,357
Property Manager's management fees paid/payable in units	–	–	4,617	–	–	4,617
Net surplus on revaluation of investment properties	(105,812)	–	104,405	–	–	(1,407)
Depreciation of plant and equipment	57	(6)	–	–	–	51
Net finance costs	26,873	(1,136)	–	(2,400)	–	23,337
Income tax expense	26,810	–	(14,031)	(525)	–	12,254
Foreign exchange gain/(loss)	(3,059)	–	3,106	–	–	47
	104,161	(4,908)	2,321	–	–	101,574
Changes in working capital:						
Trade and other receivables	3,102	(8,284)	–	–	–	(5,182)
Trade and other payables	1,209,034	(1,117,025)	(2,321)	–	(1,186,290)	(1,096,602)
Restricted cash	(7,879)	–	–	–	(30,121)	(38,000)
Cash generated from/(used in) operations	1,308,418	(1,130,217)	–	–	(1,216,411)	(1,038,210)
Tax paid	(18,834)	–	–	–	(62,686)	(81,520)

Seven Months Period Ended 31 March 2012	Aggregated Statements of Cash Flows	Pro Forma Adjustments Note (a)	Note (b)	Note (c)	Note (d)	Unaudited Pro Forma Statement of Cash Flows
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Net cash generated from/(used in) operating activities	**1,289,584**	**(1,130,217)**	**–**	**–**	**(1,279,097)**	**(1,119,730)**
Cash flow from investing activities						
Capital expenditure on plant and equipment	(304)	–	–	–	–	(304)
Capital expenditure on investment properties	(2,985)	–	–	–	–	(2,985)
Acquisition of subsidiaries, net of cash acquired	(3,011,103)	3,011,103	–	–	(582,666)	(582,666)
Interest received	406	–	–	–	–	406
Net cash used in investing activities	**(3,013,986)**	**3,011,103**	**–**	**–**	**(582,666)**	**(585,549)**
Cash flow from financing activities						
Finance expense paid	(17,031)	457	–	5,876	–	(10,698)
Payment of transaction costs relating to borrowings	–	–	–	(22,567)	–	(22,567)
Proceeds from bank borrowings	1,888,050	(1,888,050)	–	1,880,577	–	1,880,577
Repayment of bank borrowings	–	–	–	–	(2,171,748)	(2,171,748)
Proceeds from issuance of units	–	–	–	–	2,475,389	2,475,389
Payment of transaction costs relating to issuance of units	–	–	–	–	(45,605)	(45,605)
Distribution of retained earnings	–	–	–	–	(169,489)	(169,489)
Net cash from financing activities	**1,871,019**	**(1,887,593)**	**–**	**1,863,886**	**88,547**	**1,935,859**
Net increase in cash and cash equivalents	**146,617**	**(6,707)**	**–**	**1,863,886**	**(1,773,216)**	**230,580**

Seven Months Period Ended 31 March 2012	Aggregated Statements of Cash Flows	Pro Forma Adjustments Note (a)	Note (b)	Note (c)	Note (d)	Unaudited Pro Forma Statement of Cash Flows
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cash and cash equivalents at beginning of period	28,105	(12,463)	–	–	–	15,642
Effect of foreign exchange rate fluctuations on cash balances held in foreign currencies	185	–	–	–	–	185
Cash and cash equivalents at end of period	**174,907**	**(19,170)**	**–**	**1,863,886**	**(1,773,216)**	**246,407**

Notes to Pro Forma Adjustments

(a) Adjustments to reverse the cash flows of CM Assets Ltd. and its subsidiaries for the period prior to 1 September 2011, and the cash flows of CM Assets Ltd. from 1 September 2011 to 31 March 2012 as it is not acquired by MGCCT.

(b) Adjustments to (i) reverse the change in fair value of the Properties and the related tax effects; (ii) reverse the unrealised exchange differences; (iii) reverse the property management fee based on the arrangement existing prior to the Acquisition; and (iv) include Manager's fees, Trustee's fees, Property Manager's fees, and other expenses relating to MGCCT.

(c) Adjustments to (i) reverse net finance costs incurred under the borrowings existing prior to the Acquisitions and the related tax effect; (ii) reflect the drawdown of the new borrowings and the transaction costs incurred; and (iii) reflect the net finance costs on the new borrowings drawn down by MGCCT and the related tax effect.

(d) Adjustments to reflect (i) the net proceeds from the issuance of 2,661,709,000 Units in MGCCT on 1 September 2011 at the Offering Price; (ii) the Acquisitions; (iii) the repayment of borrowing that existed prior to the Acquisitions; (iv) the net movement in the restricted cash balances; and (v) the distribution of retained earnings, settlement of related party balances and tax liabilities existing prior to the Acquisitions.

Six Months Period Ended 30 September 2012	Aggregated Statements of Cash Flows	Pro Forma Adjustments Note (a)	Note (b)	Note (c)	Unaudited Pro Forma Statement of Cash Flows
	S$'000	S$'000	S$'000	S$'000	S$'000
Cash flow from operating activities					
Total return for the period	548,420	(502,044)	3,552	–	49,928
Adjustments for:					
Manager's management fee paid/payable in units	–	6,920	–	–	6,920
Property Manager's management fees paid/payable in units	–	4,074	–	–	4,074
Net surplus on revaluation of investment properties	(526,707)	525,362	–	–	(1,345)
Depreciation of plant and equipment	124	–	–	–	124
Net finance costs	23,025	–	(3,304)	–	19,721
Income tax expense	45,817	(34,850)	(248)	–	10,719
Foreign exchange gain/(loss)	(1,300)	1,280	–	–	(20)
	89,379	742	–	–	90,121
Changes in working capital:					
Trade and other receivables	(1,884)	–	–	–	(1,884)
Trade and other payables	(32)	(742)	–	(1,186,404)	(1,187,178)
Receipts in advance	(43)	–	–	–	(43)
Restricted cash	(67)	–	–	(29,451)	(29,518)
Cash generated from/(used in) operations	87,353	–	–	(1,215,855)	(1,128,502)
Tax paid	(2,131)	–	–	(62,686)	(64,817)
Net cash generated from/(used in) operating activities	**85,222**	**–**	**–**	**(1,278,541)**	**(1,193,319)**
Cash flow from investing activities					
Capital expenditure on plant and equipment	(780)	–	–	–	(780)
Capital expenditure on investment properties	(1,284)	–	–	–	(1,284)
Acquisition of subsidiaries, net of cash acquired	–	–	–	(582,666)	(582,666)
Interest received	379	–	–	–	379
Net cash used in investing activities	**(1,685)**	**–**	**–**	**(582,666)**	**(584,351)**

Six Months Period Ended 30 September 2012	Aggregated Statements of Cash Flows	Pro Forma Adjustments Note (a)	Note (b)	Note (c)	Unaudited Pro Forma Statement of Cash Flows
	S$'000	S$'000	S$'000	S$'000	S$'000
Cash flow from financing activities					
Finance expense paid	(17,708)	–	6,250	–	(11,458)
Payment of transaction costs relating to borrowings	–	–	(22,567)	–	(22,567)
Proceeds from bank borrowings	–	–	1,880,577	–	1,880,577
Repayment of bank borrowings	–	–	–	(2,171,748)	(2,171,748)
Proceeds from issuance of units	–	–	–	2,475,389	2,475,389
Payment of transaction costs relating to issuance of units	–	–	–	(45,605)	(45,605)
Distribution of retained earnings	–	–	–	(169,489)	(169,489)
Increase in amount due to holding company	(114)	–	–	114	–
Net cash (used in)/generated from financing activities	**(17,822)**	**–**	**1,864,260**	**88,661**	**1,935,099**
Net increase in cash and cash equivalents	**65,715**	**–**	**1,864,260**	**(1,772,546)**	**157,429**
Cash and cash equivalents at beginning of period	173,000	–	–	–	173,000
Effect of foreign exchange rate fluctuations on cash balances held in foreign currencies	364	–	–	–	364
Cash and cash equivalents at end of period	**239,079**	**–**	**1,864,260**	**(1,772,546)**	**330,793**

Notes to Pro Forma Adjustments

(a) Adjustments to (i) reverse the change in fair value of the Properties and the related tax effects; (ii) reverse the property management fee based on the arrangement existing prior to the Acquisition; and (iii) include Manager's fees, Trustee's fees, Property Manager's fees, and other expenses relating to MGCCT.

(b) Adjustments to (i) reverse net finance costs incurred under the borrowings existing prior to the Acquisitions and the related tax effect; (ii) reverse the unrealised exchange differences; (iii) reflect the drawdown of the new borrowings and the transaction costs incurred; and (iv) reflect the net finance costs on the new borrowings drawn down by MGCCT and the related tax effect.

(c) Adjustments to reflect (i) the net proceeds from the issuance of 2,661,709,000 Units in MGCCT on 1 September 2011 at the Offering Price; (ii) the Acquisitions; (iii) the repayment of borrowing that existed prior to the Acquisitions; (iv) the net movement in the restricted cash balance; and (v) the distribution of retained earnings to shareholders, settlement of related party balances and tax liabilities existing prior to the Acquisitions.

D NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1 Basis of preparation

(a) Statement of compliance

The Unaudited Pro Forma Financial Information is prepared in accordance with the basis set out in Section B and presented in accordance with Statement of Recommended Accounting Practice ("RAP") 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Code of Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

(b) Basis of measurement

The financial information on the Pro Forma Financial Information is prepared on the historical cost basis except as disclosed in the accounting policies below.

(c) Functional and presentation currency

The financial information is presented in Singapore Dollars ("S$") which is MGCCT's functional currency. All Unaudited Pro Forma Financial Information presented in S$ has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial information is included in Note 3 – Valuation of investment properties.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in Note 16.

2 Significant accounting policies

The accounting policies set out below have been applied consistently throughout the periods presented in this financial information, and have been applied consistently by the Pro Forma Group.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Pro Forma Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Pro Forma Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Pro Forma Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Pro Forma Group.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

Upon the loss of control, the Pro Forma Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of total return. If the Pro Forma Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the financial information.

(b) Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Pro Forma Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of the Pro Forma Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising from retranslation are recognised in the statement of total return, except for differences arising from the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in unitholders' funds.

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising from the acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the statement of total return as part of the gain or loss on disposal. When the Pro Forma Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in unitholders' funds.

(iii) Hedge of net investment in a foreign operation

The Pro Forma Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and MGCCT's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

(c) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Pro Forma Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised on a straight-line basis over their estimated useful lives of each component of an item of plant and equipment as follows:

Furniture and equipment	–	3 to 5 years
Computer equipment	–	5 years
Other assets	–	3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if necessary, at each reporting date.

(d) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. They are not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment properties are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the statement of total return. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Rental income from investment properties is accounted for in the manner described in Note 2(k). When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents average unit cost and net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses. The cost of finished goods comprises direct material and labour costs and an appropriate proportion of production overhead expenses less allowance for foreseeable losses.

(f) Financial instruments

(i) Non-derivative financial assets

The Pro Forma Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Pro Forma Group becomes a party to the contractual provisions of the instrument.

The Pro Forma Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Pro Forma Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Pro Forma Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

The Pro Forma Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Pro Forma Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Pro Forma Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Pro Forma Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(iii) Derivative financial instruments and hedging activities

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of total return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income and presented in the hedging reserve in unitholders' funds to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of total return. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in unitholders' funds is reclassified to the statement of total return.

When the hedged item is a non-financial asset, the amount recognised in unitholders' funds is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in unitholders' funds is transferred to the statement of total return in the same period that the hedged item affects the statement of total return.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the statement of total return. The hedged item is stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statement of total return.

(iv) Unitholders' funds

Unitholders' funds represent the unitholders' residual interest in the Pro Forma Group's net assets upon termination and are classified as equity.

Incremental costs directly attributable to the issue of units are recognised as a deduction from unitholders' funds.

(g) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Pro Forma Group on terms that the Pro Forma Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Pro Forma Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Pro Forma Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Pro Forma Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of total return.

(ii) Non financial assets

The carrying amounts of the Pro Forma Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of total return unless it reverses a previous revaluation credited to unitholders' funds, in which case it is charged to unitholders' funds. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits

(i) Short term employee benefits

All short term employee benefits are recognised in the statement of total return in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under variable bonus if the Pro Forma Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the statement of total return as incurred.

(i) Provision

A provision is recognised if, as a result of a past event, the Pro Forma Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contract is recognised when the expected benefits to be derived by the Pro Forma Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(j) Leases

When entities within the Pro Forma Group are lessees of an operating lease

Where the Pro Forma Group has the use of assets under operating leases, payments made under the leases are recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of total return as an integral part of the total lease payments made. Contingent rentals are charged to the statement of total return in the accounting period in which they are incurred.

When entities within the Pro Forma Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties (see Note 2(d)).

(k) Revenue recognition

Rental income

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Service charges and car park fees

Service charges and car park fees are recognised as the underlying services are rendered.

(l) Expenses

Manager's management fees, trustee fees and property manager's management fees

These fees are recognised on an accrual basis using the applicable formula stipulated in Section E.

(m) Finance income and costs

Interest income is recognised as it accrues using the effective interest method.

Borrowing costs are recognised in the statement of total return using the effective interest method in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

(n) Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of total return except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable returns, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that

are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable returns will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Segment reporting

An operating segment is a component of the Pro Forma Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Pro Forma Group's other components. All operating segments' results are reviewed and used by the management for strategic decision making and resources allocation.

3 Investment properties

	31 March 2012 S$'000	30 September 2012 S$'000
Investment properties	4,396,707	4,294,489

(a) Investment properties comprise retail malls and office space that are leased to external customers. The lease terms range from 2 to 6 years.

(b) The valuations of the investment properties are set out below:

Description of Leasehold Property	Location	Term of lease (years)	Remaining term of lease (years)	Valuation	31 March 2012	30 September 2012
				million	S$' million	S$' million
Festival Walk	Kowloon, Hong Kong	54	35	HKD20,700	3,368	3,286
Gateway Plaza	Chaoyang District, Beijing	47	41	RMB5,165	1,029	1,008
					4,397	4,294

The valuations are based on the valuations performed by independent professional valuers at 31 December 2012. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuers have considered the direct comparison method, discounted cash flow method and/or capitalisation approach in arriving at the open market value as at the balance sheet date. The valuation methods involve certain estimates. The key assumptions used to determine the fair value of investment properties include projected rental rates, market-corroborated capitalisation yield, terminal yield and discount rate. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

(c) As at 31 March 2012 and 30 September 2012, there is a property attachment over Gateway Plaza (note 16).

4 Trade and other receivables

	31 March 2012 S$'000	30 September 2012 S$'000
Trade receivables	431	2,835
Deposits	57	45
Other receivables	27	52
Loans and receivables	515	2,932
Prepayments	626	472
	1,141	3,404

Concentration of credit risk relating to trade receivables is limited due to the Pro Forma Group's many varied tenants and the credit policy of obtaining security deposits from tenants for leasing the Pro Forma Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades and medium to long term office tenants. The Pro Forma Group believes that there is no credit risk inherent in the Pro Forma Group's trade receivables, based on historical payment behaviours and the security deposits held.

Allowances for doubtful receivables

The trade receivables at the reporting dates are not past due and no allowance for doubtful receivables are recognised on the balances.

The majority of the trade receivables are mainly from tenants that have good credit records with the Pro Forma Group.

5 Cash and cash equivalents

	31 March 2012 S$'000	30 September 2012 S$'000
Cash at bank and in hand	79,287	139,942

Included in cash and cash equivalents as at 31 March 2012 and 30 September 2012 are amounts of S$47.6 million and S$67.8 million respectively, which are maintained in a PRC bank account and denominated in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

In addition to the cash balances included in the table above, the Group has a cash balance of S$52.7 million (RMB264.9 million) and S$51.7 million (RMB264.9 million) as at 31 March 2012 and 30 September 2012 respectively, which is in a frozen bank account (note 16) pending the appeal relating to HK Gateway Plaza Company Limited ("HK Gateway"). The Group has dividend payable to the Mapletree India China Fund Ltd. (MIC, being the vendor of HK Gateway), of S$52.7 million (RMB264.9 million) and S$51.7 million (RMB264.9 million) as at 31 March 2012 and 30 September 2012 respectively. Upon lifting of the freezing order over the bank account, the Group shall release the cash balance to MIC or to the appellant in accordance with the directions set out in the final and binding judgment or ruling. Upon payment of the cash to either MIC or the appellant, the obligation of the Group to pay MIC the dividend is deemed to be satisfied or discharged. As the Group has a legally enforceable right to offset the cash balance with the dividend payable, and intends to settle on a net basis, the cash balance and dividend payable have been offset in this financial information.

6 Loans and borrowings

	31 March 2012 S$'000	30 September 2012 S$'000
Non-current		
Unsecured bank loan	1,976,927	1,929,177
Less: Unamortised transaction costs	(23,723)	(23,150)
	1,953,204	1,906,027
Maturity of gross interest-bearing borrowings:		
-after 1 year but within 5 years	1,976,927	1,929,177

Upon listing, the Pro Forma Group will have in place a HK$12,150 million unsecured term loan facility (the "Facility") with a staggered loan maturity, whereby 33%, 34% and 33% of the facility is repayable in three, four and five years respectively.

Pursuant to the Facility, the Properties will be subject to a negative pledge. Under the negative pledge, no security may be created or permitted to subsist over any of the Properties except:

- liens arising solely by operation of law and in the ordinary course of the Manager's operations in respect of indebtedness which has either (i) been due for less than 14 days or (ii) is being contested in good faith and by appropriate proceedings; or

- any security created or outstanding with the prior consent in writing from the Lenders constituting at least 75% of the Facility.

In addition, the Facility contains a change of control event which requires the manager of MGCCT to remain as a wholly-owned subsidiary of the Sponsor. In the event that the Manager is not a wholly-owned subsidiary of the Sponsor, it would result in a prepayment of the Facility.

At 31 March 2012 and 30 September 2012, the effective interest rate of the interest-bearing borrowings is approximately 2% per annum (including amortisation of upfront fee on the debt facility).

7 Trade and other payables

	31 March 2012 S$'000	30 September 2012 S$'000
Non-current		
Security deposits received	44,700	41,769
Current		
Trade payables	12,557	2,506
Security deposits received	15,455	17,931
Other payables and accrued operating expenses	13,290	20,971
	41,302	41,408

8 Deferred tax liabilities

	31 March 2012 S$'000	30 September 2012 S$'000
Deferred tax liabilities		
Investment properties	4,696	13,560

9 Gross revenue

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Rental income	103,218	89,311
Service charges	12,289	10,493
Car park fees	3,018	2,592
Other income	7,009	6,636
	125,534	109,032

10 Property operating expenses

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Staff costs (including defined contribution plans)	5,888	4,729
Utilities and property maintenance	5,880	5,099
Marketing and promotion expenses	3,212	1,402
Professional fees	892	621
Property-related taxes	4,410	3,854
Property and lease management fees	4,617	4,074
Other general and administrative expenses	2,127	1,666
	27,026	21,445

11 Total return for the period

(a) Net finance costs

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Finance income		
Interest income	423	423
Foreign exchange (loss)/gains	(97)	3
	326	426
Finance costs		
Borrowing costs on bank loan	(23,760)	(20,144)
Net finance costs	(23,434)	(19,718)

(b) The following item has been included in arriving at the total return for the period:

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Operating expenses arising from investment properties	27,026	21,445

12 Income tax expense

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Current tax		
Current tax expense	(758)	(4,946)
Withholding tax expense	(2,643)	(2,650)
	(3,401)	(7,596)
Deferred tax		
Origination and reversal of temporary differences	(8,853)	(3,123)
	(12,254)	(10,719)

	Seven months ended 31 March 2012 S$'000	Six months ended 30 September 2012 S$'000
Reconciliation of effective tax rate		
Total return for the period before taxation	66,572	60,647
Income tax using tax rate of 17%	11,317	10,310
Income not subject to tax	(72)	(890)
Expenses not deductible for tax purposes	2,424	2,858
Effect of tax in foreign jurisdiction	(1,133)	(1,536)
Others	(282)	(23)
	12,254	10,719

13 Financial risk management

The Pro Forma Group's activities expose it to credit risk, liquidity risk, market risk (including interest rate risk and currency risk) in the normal course of its business. The Pro Forma Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Pro Forma Group's financial performance. The Pro Forma Group may use financial instruments such as currency forwards, cross currency swaps, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Pro Forma Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Pro Forma Group as and when they fall due.

The Pro Forma Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

Liquidity risk is the risk that the Pro Forma Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Pro Forma Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Pro Forma Group's reputation.

The Pro Forma Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Pro Forma Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual maturities of financial liabilities including interest payments and excluding the impact of netting agreements:

			Contractual cash flows		
	Note	Carrying amount S$'000	Total S$'000	Within 1 year S$'000	Within 2 to 5 years S$'000
31 March 2012					
Loans and borrowings	6	1,953,204	2,117,595	34,620	2,082,975
Trade and other payables	7	86,002	86,002	41,302	44,700
		2,039,206	2,203,597	75,922	2,127,675
30 September 2012					
Loans and borrowings	6	1,906,027	2,066,449	33,784	2,032,665
Trade and other payables	7	83,177	83,177	41,408	41,769
		1,989,204	2,149,626	75,192	2,074,434

Interest rate risk

The Pro Forma Group manages its net exposure to interest rate risk by maintaining sufficient lines of credit to achieve acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis and entering into hedging instruments, where appropriate.

The Pro Forma Group's interest rate risk arises primarily from its interest-bearing loans and borrowings which are variable rate instruments. An increase/decrease of 10 basis points in interest rates at the reporting date would have (decreased)/increased total return before tax by the amounts shown below. This analysis assumes that the management has entered into interest rate swaps to hedge 67% of the loans and borrowings against movements in the interest rates, and all other variables, in particular foreign currency rates, remain constant.

	10 bp increase S$'000	10 bp decrease S$'000
31 March 2012		
Variable rate bank loan	(1,977)	1,977
Interest rate swap	1,325	(1,325)
Cash flow sensitivity (net)	(652)	652
30 September 2012		
Variable rate bank loan	(1,929)	1,929
Interest rate swap	1,293	(1,293)
Cash flow sensitivity (net)	(636)	636

Foreign currency risk

The Manager's investment strategy involves investing in the Greater China region. In order to manage the currency risk involved in investing in assets outside Singapore, the Manager will adopt currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge;
- the use of cross currency swaps to swap a portion of debt in another currency into the currency of the asset investment to reduce the underlying currency exposure; and
- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

The following table details the Pro Forma Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are expressed in SGD, translated using the spot rate at the Listing Date. Differences resulting from the translation of the financial statements of MGCCT and its subsidiaries into the Pro Forma Group's presentation currency are excluded.

	31 March 2012 S$'000	30 September 2012 S$'000
USD		
Cash at bank	2,193	2,196

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the USD at the reporting date would have decreased total return before tax by the amounts shown below. There is no impact on unitholders' funds. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Decrease in total return S$'000
31 March 2012	
USD (10% strengthening)	219
30 September 2012	
USD (10% strengthening)	220

A 10% weakening of the Singapore dollar against the above currency at the reporting date would have the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Manager's objective when managing capital is to optimise MGCCT's capital structure within the borrowing limits set out in the Code on Collective Investment Schemes ("CIS") by the Monetary Authority of Singapore to fund future acquisitions and asset enhancement works at MGCCT's properties. To maintain or achieve an optimal capital structure, the Manager may issue new units or source additional borrowing from both financial institutions and capital markets.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Unaudited Pro Forma Balance Sheets as at 31 March 2012 and 30 September 2012 are as follows:

	Note	Loans and receivables S$'000	Other financial liabilities S$'000	Fair value S$'000
31 March 2012				
Trade and other receivables	4	515	–	515
Cash and cash equivalents	5	79,287	–	79,287
		79,802	–	79,802
Loans and borrowings	6	–	(1,953,204)	(1,953,204)
Trade and other payables	7	–	(86,002)	(86,002)
		–	(2,039,206)	(2,039,206)
30 September 2012				
Trade and other receivables	4	2,932	–	2,932
Cash and cash equivalents	5	139,942	–	139,942
		142,874	–	142,874
Loans and borrowings	6	–	(1,906,027)	(1,906,027)
Trade and other payables	7	–	(83,177)	(83,177)
		–	(1,989,204)	(1,989,204)

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair value of financial instruments of the Pro Forma Group.

Financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) and variable rate loans and borrowings are assumed to approximate their fair values because of the short period to maturity or repricing. All other financial assets and liabilities are discounted in arriving at their fair values.

14 Segment reporting

	Retail S$'000	Office S$'000	Others S$'000	Total reportable segments S$'000	Unallocated amounts S$'000	Total S$'000
Seven months ended 31 March 2012						
Gross revenue	84,119	34,171	7,244	125,534	–	125,534
Property operating expenses	(11,081)	(9,731)	(6,214)	(27,026)	–	(27,026)
Net property income	73,038	24,440	1,030	98,508	–	98,508
Administrative expenses	–	–	(51)	(51)	(24)	(75)
Manager's management fees	–	–	–	–	(8,357)	(8,357)
Trustee's fees	–	–	–	–	(512)	(512)
Other trust expenses	–	–	–	–	(965)	(965)
Net finance costs	–	(5,294)	(20,541)	(25,835)	2,401	(23,434)
Change in fair value of investment properties	–	1,407	–	1,407	–	1,407
Total return for the period before income tax	73,038	20,553	(19,562)	74,029	(7,457)	66,572

	Hong Kong S$'000	PRC S$'000	Total S$'000
Gross revenue	100,453	25,081	125,534
Property operating expenses	(18,269)	(8,757)	(27,026)
Net property income	82,184	16,324	98,508
As at 31 March 2012			
Non-current assets	3,189,518	1,207,591	4,397,109

	Retail S$'000	Office S$'000	Others S$'000	Total reportable segments S$'000	Unallocated amounts S$'000	Total S$'000
Six months ended 30 September 2012						
Gross revenue	71,167	31,623	6,242	109,032	–	109,032
Property operating expenses	(10,837)	(7,449)	(3,159)	(21,445)	–	(21,445)
Net property income	60,330	24,174	3,083	87,587	–	87,587
Administrative expenses	–	–	(124)	(124)	(20)	(144)
Manager's management fees	–	–	–	–	(6,920)	(6,920)
Trustee's fees	–	–	–	–	(509)	(509)
Other trust expenses	–	–	(994)	(994)	–	(994)
Net finance costs	–	(1,281)	(21,741)	(23,022)	3,304	(19,718)
Change in fair value of investment properties	–	1,345	–	1,345	–	1,345
Total return for the period before income tax	60,330	24,238	(19,776)	64,792	(4,145)	60,647

	Hong Kong S$'000	PRC S$'000	Total S$'000
Gross revenue	84,956	24,076	109,032
Property operating expenses	(15,204)	(6,241)	(21,445)
Net property income	69,752	17,835	87,587
At 30 September 2012			
Non-current assets	3,287,784	1,007,743	4,295,527

15 Commitments

(i) Capital commitments:

	31 March 2012 S$'000	30 September 2012 S$'000
Contracted but not provided for	1,015	371

(ii) Non-cancellable rental receivable:

	31 March 2012 S$'000	30 September 2012 S$'000
Within 1 year	158,717	164,243
After 1 year but within 5 years	230,798	251,840
After 5 years	34,810	38,173
	424,325	454,256

16 Areas of estimation uncertainty

The key sources of estimation and critical accounting judgements in applying the Group's accounting policies are described below:

(a) Impairment loss on trade receivables

The Pro Forma Group regularly reviews its portfolio of rental receivables to assess impairment. In determining whether an impairment loss should be recorded, the Pro Forma Group considers whether there is any observable data indicating that there has been an adverse change in the payment status of debtors, and whether there is sufficient rental deposits being held by the Pro Forma Group to cover the doubtful rental receivables.

(b) Pending appeal in relation to the HK Gateway Plaza Company Limited which owns Gateway Plaza

There is a pending appeal before the Supreme People's Court of China ("Pending Appeal") in relation to a claim for the return of an alleged loan of S$41.8 million (RMB210.0 million) and S$41.0 million (RMB210.0 million) as at 31 March 2012 and 30 September 2012 respectively, filed by Beijing Bestride Real Estate Development Co Ltd ("Bestride") against HK Gateway Plaza Company Limited ("HK Gateway") which owns Gateway Plaza (the "Litigation Action").

Bestride is the original developer of Gateway Plaza and is controlled by Tin Lik, a PRC national. Bestride sold Gateway Plaza to HK Gateway in 2006. Tin Lik subsequently sold the shares of Beijing Gateway Plaza (BVI) Limited ("BVI SPV") which held HK Gateway to RREEF China Commercial Trust ("RREEF CCT") in 2007. RREEF CCT sold BVI SPV to the current vendor, Mapletree India China Fund Ltd. ("MIC") in April 2010.

The Litigation Action was filed in July 2011 and the Lawsuit was dismissed by a tribunal of three judges of the Beijing Higher People's Court (the "Higher Court") in a written Ruling dated 7 December 2012. Bestride then filed the Pending Appeal on 22 December 2012 to the Supreme People's Court of China, which is the final appellate court.

Bestride has also filed a motion for a property attachment order on Gateway Plaza and bank account freezing order up to S$52.7 million (RMB264.9 million) and S$51.7 million (RMB264.9 million) as at 31 March 2012 and 30 September 2012 respectively (being the claim amount in the Litigation Action, comprising the alleged loan of RMB210.0

million and interest accrued thereon as at 28 February 2011) (the "Bestride Motion"), in order to secure Bestride's claim against HK Gateway. The Bestride Motion was filed in accordance with the PRC Civil Procedure Law and the Higher Court granted the Bestride Motion an *ex parte* basis (*i.e.* without providing HK Gateway with an opportunity of being heard) by a tribunal of three judges on 7 July 2011, on the grounds that (i) under Civil Procedure Law of the PRC, the claimant may apply for a property attachment and bank account freezing order over the properties and the bank accounts of the defendant and the court may approve such order at its discretion; and (ii) Bestride offered Hunan Bestride Hotel, which was an affiliate of Bestride, to counter-guarantee its motion such that HK Gateway would have the resources to claim its damages as a result of the property attachment and the account freezing should HK Gateway succeed in the defence of the Litigation Action.

According to the ruling dated 7 July 2011 made by the Higher Court with respect to the property attachment and account freezing, HK Gateway is prevented from assigning Gateway Plaza or creating any encumbrance or security interest over Gateway Plaza and its underlying land use right without written approval of the court. However, based on legal advice received, the property attachment order does not affect HK Gateway's title to Gateway Plaza and MGCCT may dispose of Gateway Plaza through a disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd., and the disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd. would not contravene the property attachment order or the bank account freezing order, and the approval of the courts is not required for such disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd.

It should be noted that even if Bestride is successful in the litigation, it does not mean that MGCCT will lose its title to Gateway Plaza. The property attachment order is merely security in relation to the litigation to ensure that there are sufficient monies available to pay Bestride in the event that it is successful in its claim. In any event, it should be noted that MGCCT may dispose of Gateway Plaza through a company sale (as indicated above).

Pursuant to the bank account freezing order, HK Gateway cannot use the funds sitting in the frozen bank account up to S$52.7 million (RMB264.9 million) and S$51.7 million (RMB264.9 million) as at 31 March 2012 and 30 September 2012 respectively without the written approval of the Higher Court. Based on legal advice received, there is no impediment to repatriation of rental proceeds if the claim amount of S$52.7 million (RMB264.9 million) and S$51.7 million (RMB264.9 million) as at 31 March 2012 and 30 September 2012 respectively has been set aside in the frozen bank account on the basis that the court ruling of 7 July 2011 granting the Bestride Motion and the notice for assisting account freezing issued by the court to the relevant bank expressly stated that the frozen amount should be S$52.7 million (RMB264.9 million) and S$51.7 million (RMB264.9 million) as at 31 March 2012 and 30 September 2012 respectively. The funds over and above this frozen amount can therefore be used by HK Gateway. Notwithstanding the foregoing, there is no certainty that the repatriation of rental proceeds would not be affected if Bestride takes other courses of action.

The property attachment order and the bank account freezing order remain valid due to the filing of the Pending Appeal. However, HK Gateway is taking steps to remove the property attachment order by filing an application on 4 January 2013 to the Higher Court through its lawyers to request to substitute the property attachment order with a cash security deposit.

In the event that HK Gateway is unable to remove the property attachment order, HK Gateway's title to Gateway Plaza will not be affected but it will not be allowed to assign, or create any encumbrance or security interest over, Gateway Plaza and its underlying land use right without the written approval of the Higher Court.

The Litigation Action will be determined when there is a final and binding judgment or ruling issued by the relevant competent court of PRC. If Bestride is successful in its claim, MGCCT will be required to pay the amount of S$41.8 million (RMB210.0 million) and S$41.0 million (RMB210.0 million) plus accrued interest as at 31 March 2012 and 30 September 2012 respectively.

Pending the receipt of a final and binding judgment or ruling issued by a competent court of the PRC with respect to the Litigation Action, the Pending Appeal and the lifting of the bank account freezing order, HK Gateway shall hold the sum of S$52.7 million (RMB264.9 million) and S$51.7 million (RMB264.9 million) as at 31 March 2012 and 30 September 2012 respectively sitting in the frozen account in trust for MIC. If HK Gateway is successful in the Litigation Action and the Pending Appeal, HK Gateway shall pay the said sum to MIC. Should the Litigation Action and the Pending Appeal be resolved in Bestride's favour instead, HK Gateway shall pay the said sum of S$52.7 million (RMB264.9 million) and S$51.7 million (RMB264.9 million) as at 31 March 2012 and 30 September 2012 respectively from the frozen account to the claimant in accordance with the directions set out in the final and binding judgment or ruling and MIC shall have no claim whatsoever against HK Gateway in respect of the same. In addition, prior to the acquisition of Gateway Plaza by RREEF CCT (which subsequently sold Gateway Plaza to MIC, which is 43.2% held by the Sponsor and the current vendor of Gateway Plaza), HK Gateway registered a Beijing Representative Office. However, control of the Representative Office was not handed over to RREEF CCT and an announcement was made in a public media dated 25 June 2009. With the dismissal of the Litigation Action on 7 December 2012, MIC is also taking steps to strike off the Beijing Representative Office.

The vendor of HK Gateway Plaza Company Limited has provided MGCCT with an indemnity in the event of any losses suffered by MGCCT as a result of the litigation action and in relation to the Beijing Representative Office, subject to MIC's liability being limited to 10% of the purchase price of Beijing Gateway Plaza (Cayman) Ltd..

17 Other information

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held by the Pro Forma Group %
Beijing Gateway Plaza (Cayman) Ltd.	Cayman Islands	Investment holding	100%
HK Gateway Plaza Company Limited	Hong Kong	Property investment	100%
Gateway Plaza Property Operations (Beijing) Limited	PRC	Provision of consulting services	100%

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held by the Pro Forma Group %
Claymore Limited	Cayman Islands	Investment holding	100%
Festival Walk Holdings Limited	Hong Kong	Property investment	100%
Festival Walk (2011) Limited	Hong Kong	Property investment	100%

E Trustee's Fees, Manager's Management Fees and Property Manager's Management Fees

Unless defined in this report, capitalised terms below shall have the meanings set out in the Glossary to the Prospectus.

(i) Manager's Management Fees

The Manager is entitled under the Trust Deed to management fees comprising the base fee and performance fee as follows:

(a) A base fee of 10% per annum of the Distributable Income (as defined in the Trust Deed) of MGCCT; and

(b) A performance fee of 25% per annum of the difference in DPU (as defined in the Prospectus) in a financial year (calculated before accounting for the performance fee in that financial year) multiplied by the weighted average number of units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the performance fee is payable may be less than the DPU in the financial year prior to the preceding financial year.

(ii) Trustee's Fees

The Trustee is entitled under the Trust Deed to a fee charged on a scaled basis of up to 0.02% per annum of the value of the Deposited Property (as defined in the Prospectus) of MGCCT, subject to a minimum of S$15,000 per month (not exceeding of 0.1% per annum of the value of the Deposited Property).

(iii) Property Manager's Management Fees

Under the property management agreement in respect of the Properties, the property manager will provide property management services, lease management services and project management services in relation to the Properties. The property manager is entitled to the following fees:

Property management fee

(a) A fee of 2% per annum of the gross revenue of the relevant property (calculated before business tax for properties located in the PRC);

(b) A fee of 2% per annum of the net property income of the relevant property (calculated before accounting for the property management fee in that financial period); and

(c) Where any service is provided by a third party service provider, a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider.

The Manager may elect to pay the property management fee in cash or units or a combination of cash and units (as the Manager may in its sole discretion determine).

Festival Walk Staff Costs Reimbursement

The Property Manager will take over the centre management team of Festival Walk and also employs the persons to run The Glacier (which is the ice rink business of Festival Walk). The Property Manager is entitled (i) to be reimbursed for the cost of employing the personnel within the centre management team and the persons to run The Glacier (which is the ice rink business of Festival Walk) and (ii) to receive an administrative cost based on a margin of 3.0% of such employment cost. This payment shall be made to the Property Manager in cash.

Marketing Services Fee

The Property Manager is entitled to the following marketing services commissions:

- up to one month's gross rent inclusive of service charge, for securing a tenancy of three years or less;
- up to two months' gross rent inclusive of service charge, for securing a tenancy of more than three years;
- up to 0.5 month's gross rent inclusive of service charge, for securing a renewal of tenancy of three years or less; and
- up to one month's gross rent inclusive of service charge, for securing a renewal of tenancy of more than three years.

The Property Manager is not entitled to the marketing services commissions if such service is (i) performed by staff of the asset holding company or (ii) performed by third party service providers.

The Manager may elect to pay the marketing services fee in cash or units or a combination of cash and units (as the Manager may in its sole discretion determine).

Project Management Fee

A project management fee, subject to a limit of up to 3% of the total construction costs incurred in relation to development and redevelopment of a property, including the refurbishment, retrofitting and renovation works on such a property.

The Manager may elect to pay the project management fee in cash or units or a combination of cash and units (as the Manager may in its sole discretion determine).

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REPORTING AUDITORS' REPORT ON THE UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The Board of Directors
Mapletree Greater China Commercial Trust Management Ltd.
(in its capacity as Manager of Mapletree Greater China Commercial Trust)
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

DBS Trustee Limited
(in its capacity as Trustee of Mapletree Greater China Commercial Trust)
12 Marina Boulevard
#44-01 DBS Asia Central@ Marina Bay Financial Centre Tower 3
Singapore 018982

27 February 2013

Dear Sirs

Letter from the Reporting Auditors on the Unaudited Pro Forma Balance Sheet as at the Listing Date

We report on the unaudited pro forma balance sheet of Mapletree Greater China Commercial Trust ("MGCCT") and its subsidiaries (collectively, the "Pro Forma Group") as at the date that MGCCT is admitted to the Official List of the Singapore Exchange Trading Limited (the "Listing Date") (the "Unaudited Pro Forma Balance Sheet") set out in Appendix E of the prospectus (the "Prospectus") to be issued in connection with the initial public offering of units in MGCCT, which has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments.

The Unaudited Pro Forma Balance Sheet has been prepared on the basis of the assumptions set out in Section B of Appendix E of the Prospectus to provide information on the financial position of the Pro Forma Group, had it acquired Festival Walk and Gateway Plaza (collectively, the "Properties") through the acquisition of the entire issued share capital of Claymore Limited and Beijing Gateway Plaza (Cayman) Ltd, under the same terms set out in the Prospectus on the Listing Date. Claymore Limited holds the entire issued share capital of Festival Walk Holdings Limited and Festival Walk (2011) Limited, which holds Festival Walk. Beijing Gateway Plaza (Cayman) Ltd holds the entire issued share capital of Gateway Plaza Property Operations (Beijing) Limited and HK Gateway Plaza Company Limited, which holds Gateway Plaza.

The Unaudited Pro Forma Balance Sheet has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro Forma Group's actual financial position.

The Unaudited Pro Forma Balance Sheet is the responsibility of the directors of Mapletree Greater China Commercial Trust Management Ltd. (the "Directors"). Our responsibility is to express an opinion on the Unaudited Pro Forma Balance Sheet based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice 24 *Auditors and Public Offering Documents*. Our work, which involved no independent examination of the underlying financial information, consisted primarily of:

(i) comparing the Unaudited Pro Forma Balance Sheet to the audited financial statements of CM Assets Ltd. (the vendor of the shares in Claymore Limited) and its subsidiaries for the period from 19 July 2011 to 31 March 2012, the audited financial statements of Festival Walk (2011) Limited for the six months ended 30 September 2012, the unaudited management financial statements of Claymore Limited and Festival Walk Holdings Limited for the six months ended 30 September 2012, the audited financial statements of HK Gateway Plaza Company Limited and its subsidiaries for the seven months ended 31 March 2012 and the six months ended 30 September 2012, the unaudited management financial statements of Beijing Gateway Plaza (Cayman) Ltd for the seven months ended 31 March 2012 and six months ended 30 September 2012 and the unaudited management financial statements of MGCCT at the date of its constitution; and

(ii) considering the evidence supporting the pro forma adjustments and discussing the Unaudited Pro Forma Balance Sheet with the Directors.

In our opinion:

(A) the Unaudited Pro Forma Balance Sheet has been properly prepared from the audited financial statements of CM Assets Ltd. and its subsidiaries for the period from 19 July 2011 to 31 March 2012 (which were prepared in accordance with International Financial Reporting Standards), the audited financial statements of Festival Walk (2011) Limited for the six months ended 30 September 2012 (which were prepared in accordance with accounting principles generally accepted in Hong Kong), the unaudited management financial statements of Claymore Limited and Festival Walk Holdings Limited for the six months ended 30 September 2012 (which were prepared in accordance with Singapore Financial Reporting Standards), the audited financial statements of HK Gateway Plaza Company Limited and its subsidiaries for the seven months ended 31 March 2012 and the six months ended 30 September 2012 (which were prepared in accordance with accounting principles generally accepted in Hong Kong) and the unaudited management financial statements of Beijing Gateway Plaza (Cayman) Ltd for the seven months ended 31 March 2012 and six months ended 30 September 2012 (which were prepared in accordance with Singapore Financial Reporting Standards) and the unaudited management financial statements of MGCCT at the date of its constitution (which were prepared in accordance with Recommended Accounting Practice (RAP) 7 *Reporting Framework for Unit Trusts* issued by the Institute of Certified Public Accountants of Singapore (ICPAS)), and is presented in accordance with the relevant presentation principles of RAP 7 issued by the ICPAS;

(B) the Unaudited Pro Forma Balance Sheet has been properly prepared in a manner consistent with both the format of the financial statements and the accounting policies of MGCCT;

(C) each material adjustment to the information used in the preparation of the Unaudited Pro Forma Balance Sheet is appropriate for the purpose of preparing such a balance sheet; and

(D) the Unaudited Pro Forma Balance Sheet has been properly prepared on the basis of the assumptions set out in Section B of Appendix E of the Prospectus after making the adjustments described in Section B of Appendix E of the Prospectus.

Yours faithfully

KPMG LLP
Public Accountants and
Certified Public Accountants
(Partner-in-charge: Lo Mun Wai)

Singapore

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MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

A INTRODUCTION

The Unaudited Pro Forma Balance Sheet as at Listing Date has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the proposed listing of Mapletree Greater China Commercial Trust ("MGCCT") on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

MGCCT is a Singapore-domiciled unit trust, constituted pursuant to a trust deed dated 14 February 2013 between Mapletree Greater China Commercial Trust Management Ltd (the "Manager") and DBS Trustee Limited (the "Trustee") to acquire an initial portfolio of two commercial properties in Greater China, comprising Festival Walk in Hong Kong and Gateway Plaza in Beijing (collectively, the "Properties").

The Manager's key objective is to provide unitholders of MGCCT with an attractive rate of return on their investment through regular and stable distributions, and to achieve long-term sustainable growth in such distributions and net asset value, while maintaining an appropriate capital structure for MGCCT through the following key strategies:

(i) actively manage MGCCT's property portfolio to achieve growth in revenue and net property income and maintain optimal occupancy levels;

(ii) seek property enhancement opportunities to support and enhance organic growth;

(iii) achieve portfolio growth through the acquisition of quality income-producing commercial properties that fit within MGCCT's investment strategy to enhance the return to unitholders and improve future income and capital growth; and

(iv) employ an appropriate mix of debts and equity in financing acquisitions, and utilise hedging strategies, where appropriate, to manage interest rate volatility and foreign exchange exposure for MGCCT.

MGCCT will acquire the Properties through the acquisition of the entire issued share capital of Claymore Limited and Beijing Gateway Plaza (Cayman) Ltd. respectively. Claymore Limited holds the entire issued share capital of Festival Walk Holdings Limited and Festival Walk (2011) Limited, which holds Festival Walk. Beijing Gateway Plaza (Cayman) Ltd. holds the entire issued share capital of Gateway Plaza Property Operations (Beijing) Limited and HK Gateway Plaza Company Limited, which holds Gateway Plaza.

The acquisitions as described above are collectively referred to as the "Acquisitions".

In connection with the Acquisitions, MGCCT proposes to issue 2,661,709,000 new Units (the "Offering") at an offering price of S$0.93 per Unit (the "Offering Price"). The Offering consists of (i) an international placement of 511,279,000 Units to investors, including institutional and other investors in Singapore, and (ii) an offering of 265,357,000 Units to the public in Singapore, of which 50,304,000 Units will be reserved for subscription by the directors, management, employees and business associates of Mapletree Investments Pte Ltd (the "Sponsor"). Separate from the Offering, Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd and Moonstone Assets Pte. Ltd., all of which are wholly-owned subsidiaries of the Sponsor, have entered into a conditional subscription agreement to subscribe for 931,597,999 Units at the Offering Price. In addition, concurrently with, but separate from the Offering, cornerstone investors have entered into conditional subscription agreements to subscribe for an aggregate of 953,475,000 Units at the Offering Price.

B BASIS OF PREPARATION OF UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The unaudited pro forma balance sheet of the Pro Forma Group as at the Listing Date (the "Unaudited Pro Forma Balance Sheet") is prepared for illustrative purposes only and is based on the financial statements listed below, after making certain assumptions and incorporating the adjustments necessary to reflect the financial position of the Pro Forma Group as at the Listing Date as if it had completed the Acquisitions on the Listing Date, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Balance Sheet has been prepared based on the following financial statements, after making certain assumptions and incorporating certain adjustments:

(a) the audited financial statements of CM Assets Ltd. (the vendor of the shares in Claymore Limited) and its subsidiaries for the period from 19 July 2011 to 31 March 2012;

(b) the audited financial statements of Festival Walk (2011) Limited for the six months ended 30 September 2012;

(c) the unaudited management financial statements of Claymore Limited and Festival Walk Holdings Limited for the six months ended 30 September 2012;

(d) the audited financial statements of HK Gateway Plaza Company Limited and its subsidiaries for the seven months ended 31 March 2012 and the six months ended 30 September 2012;

(e) the unaudited management financial statements of Beijing Gateway Plaza (Cayman) Ltd. for the seven months ended 31 March 2012 and the six months ended 30 September 2012; and

(f) the unaudited management financial statements of MGCCT at the date of its constitution.

The audited financial statements of CM Assets Ltd. and its subsidiaries for the financial period from 19 July 2011 to 31 March 2012 were prepared in accordance with International Financial Reporting Standards and were audited in accordance with International Standards of Auditing. The auditors' report on these financial statements was not subjected to any qualifications, modifications or disclaimers.

The audited financial statements of Festival Walk (2011) Limited for the six months ended 30 September 2012 were prepared in accordance with accounting principles generally accepted in Hong Kong and were audited in accordance with auditing standards generally accepted in Hong Kong. The auditors' report on these financial statements was not subjected to any qualifications, modifications or disclaimers.

The audited financial statements of the HK Gateway Plaza Company Limited and its subsidiaries for the seven months ended 31 March 2012 and the six months ended 30 September 2012 were prepared in accordance with accounting principles generally accepted in Hong Kong and were audited in accordance with auditing standards generally accepted in Hong Kong. The auditors' reports on these financial statements were not subjected to any qualifications, modifications or disclaimers.

MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The unaudited management financial statements of Claymore Limited and Festival Walk Holdings Limited for the six months ended 30 September 2012 were prepared in accordance with Singapore Financial Reporting Standards.

The unaudited management financial statements of Beijing Gateway Plaza (Cayman) Ltd. for the seven months ended 31 March 2012 and six months ended 30 September 2012 were prepared in accordance with Singapore Financial Reporting Standards.

The unaudited management financial statements of MGCCT at the date of its constitution were prepared in accordance with Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Certified Public Accountants of Singapore.

The Unaudited Pro Forma Balance Sheet has been prepared on the basis of the accounting policies set out in section D and is to be read in conjunction with Section E. The following exchange rates as at the Listing Date have been assumed:

Singapore dollars (S$) and Hong Kong dollars (HK$)	S$0.1592	:	HK$1.00
S$ and Renminbi (RMB)	S$0.1967	:	RMB1.00
HK$ and US dollars (US$)	HK$7.7555	:	US$1.00
RMB and US$	RMB6.2793	:	US$1.00

The objective of the Unaudited Pro Forma Balance Sheet is to show what the financial position of the Pro Forma Group might have been at the Listing Date, on the basis as described above. However, the Unaudited Pro Forma Balance Sheet is not necessarily indicative of the financial position that would have been attained by the Pro Forma Group on the actual Listing Date. The Unaudited Pro Forma Balance Sheet, because of its nature, may not give a true picture of the Pro Forma Group's financial position.

The Unaudited Pro Forma Balance Sheet has been prepared after incorporating the following key adjustments:

- Adjustments to reflect (i) a net exchange loss of S$1.2 million arising from retranslating foreign currency denominated monetary assets and liabilities to the functional currency using the relevant assumed exchange rates as at Listing Date; (ii) a loan from a related party of S$64.5 million; (iii) settlement of tax liabilities of S$64.5 million prior to the Acquisitions; and (iv) the estimated net security deposits relating to new and terminated leases of S$3.8 million between 1 October 2012 to the Listing Date;

- Adjustments to reflect (i) the termination of interest rate swaps entered into prior to the Acquisitions at a cost of S$8.5 million and the related tax effect; and (ii) write-off of unamortised transaction costs of S$4.1 million relating to the borrowings existing prior to the Acquisitions;

- Adjustment to reflect the distributions to the shareholders of Beijing Gateway Plaza (Cayman) Ltd. and Claymore Limited of S$56.1 million and S$308.3 million respectively;

- Adjustments to reflect (i) the net proceeds of S$2,428.5 million arising from the issuance of 2,661,709,000 Units in MGCCT on the Listing Date at the Offering Price (net

of issue costs of S$46.9 million); (ii) the Acquisitions for a net consideration of S$778.6 million, including acquisition costs on the Listing Date; (iii) settlement of balances with related parties of S$1,421.1 million; (iv) repayment of existing borrowings drawn down prior to the Acquisitions of S$2,110.8 million (including interest payable), and the drawdown of borrowings of S$1,934.6 million, net of transaction costs incurred of S$23.2 million; and (v) revaluation of the investment properties to S$4,311.8 million giving rise to a revaluation gain of S$1.3 million.

In addition the following assumptions were made:

- The Listing Date is 7 March 2013;
- The valuations of the Properties adopted as at Listing Date remain unchanged from those as at 31 December 2012;
- The net profit of the Pro Forma Group from the period from 1 October 2012 to the Listing Date is assumed to be distributed to the shareholders of Claymore Limited and Beijing Gateway Plaza (Cayman) Ltd. on the Listing Date;
- There are no significant movements in the assets and liabilities of the Pro Forma Group during the period from 30 September 2012 to the Listing Date, other than those arising from the pro forma adjustments and assumptions as described above;
- MGCCT is dormant between the date of its constitution to the Listing Date; and
- As at the Listing Date, the fair value of derivatives entered into by the Pro Forma Group is assumed to be zero.

C UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The Unaudited Pro Forma Balance Sheet has been prepared for inclusion in the Prospectus and is presented below. The assumptions used to prepare the Unaudited Pro Forma Balance Sheet are consistent with those described in Section B: Basis of Preparation of Unaudited Pro Forma Balance Sheet as at the Listing Date.

MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

	Note	Aggregated Balance Sheets S$'000	Pro Forma Adjustments Note (a) S$'000	Note (b) S$'000	Note (c) S$'000	Note (d) S$'000	Unaudited Pro Forma Balance Sheet As at Listing Date S$'000
Non-current assets							
Investment properties	2	4,312,764	–	–	–	(983)	4,311,781
Plant and equipment		1,041	–	–	–	–	1,041
		4,313,805	**–**	**–**	**–**	**(983)**	**4,312,822**
Current assets							
Inventories		620	–	–	–	–	620
Trade and other receivables	3	32,800	(68)	–	–	(29,312)	3,420
Cash and cash equivalents	4	258,179	3,756	(8,462)	(150,813)	29,449	132,109
		291,599	**3,688**	**(8,462)**	**(150,813)**	**137**	**136,149**
Total assets		**4,605,404**	**3,688**	**(8,462)**	**(150,813)**	**(846)**	**4,448,971**
Non-current liabilities							
Loans and borrowings	5	2,103,922	(1,293)	4,057	–	(195,281)	1,911,405
Derivative financial liabilities		7,515	–	(7,515)	–	–	–
Trade and other payables	6	41,946	7,328	–	–	–	49,274
Deferred tax liabilities	7	77,042	–	1,240	–	(64,683)	13,599
		2,230,425	**6,035**	**(2,218)**	**–**	**(259,964)**	**1,974,278**

MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

	Note	Aggregated Balance Sheets S$'000	Pro Forma Adjustments Note (a) S$'000	Note (b) S$'000	Note (c) S$'000	Note (d) S$'000	Unaudited Pro Forma Balance Sheet As at Listing Date S$'000
Current liabilities							
Trade and other payables	6	1,218,025	60,922	–	213,561	(1,454,484)	38,024
Current tax payable		71,331	(64,487)	–	–	–	6,844
		1,289,356	**(3,565)**	**–**	**213,561**	**(1,454,484)**	**44,868**
Total liabilities		**3,519,781**	**2,470**	**(2,218)**	**213,561**	**(1,714,448)**	**2,019,146**
Net assets		**1,085,623**	**1,218**	**(6,244)**	**(364,374)**	**1,713,602**	**2,429,825**
Unitholders' funds		**1,085,623**	**1,218**	**(6,244)**	**(364,374)**	**1,713,602**	**2,429,825**
Number of Units in issue ('000)	8						**2,661,709**
Net asset value per Unit (S$)							**S$0.91**

MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

Notes to Pro Forma Adjustments:

(a) Adjustments to reflect (i) translation of foreign currency denominated monetary assets and liabilities to the functional currency as at the Listing Date; (ii) additional loan from a related party; (iii) settlement of tax liabilities prior to the Acquisitions; and (iv) the estimated net security deposits relating to new and terminated leases between 1 October 2012 to the Listing Date.

(b) Adjustment to reflect (i) the termination of interest rate swaps entered into prior to the Acquisitions and the related tax effect; and (ii) write-off of unamortised transaction costs relating to the borrowings existing prior to the Acquisitions.

(c) Adjustment to reflect the distributions to the shareholders of Beijing Gateway Plaza (Cayman) Ltd. and Claymore Limited prior to the Acquisitions.

(d) Adjustment to reflect (i) the net proceeds from the issuance of 2,661,709,000 Units in MGCCT at the Offering Price; (ii) the Acquisitions; (iii) settlement of balances with related parties; (iv) repayment of existing borrowings drawn down (including interest payable) prior to the Acquisitions, and the drawdown of new borrowings, net of transaction costs incurred; and (v) state the investment properties at their fair value of S$4,311.8 million.

MAPLETREE GREATER CHINA COMMERCIAL TRUST
UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

D NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET

1. Basis of preparation

The Unaudited Pro Forma Balance Sheet is prepared in accordance with the bases set out in Section B and applied to financial information prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Certified Public Accountants of Singapore, and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The Unaudited Pro Forma Balance Sheet, which is expressed in Singapore Dollars ("S$") and rounded to the nearest thousand, is prepared on the historical cost basis, except for investment properties which are stated at valuation.

The accounting policies applied by MGCCT in preparing the Unaudited Pro Forma Balance Sheet are the same as those applied by MGCCT in its Pro Forma Financial Information as set out in Appendix C.

2. Investment properties

	As at Listing Date S$'000
Investment properties	4,311,781

(a) Investment properties comprise retail malls and office space that are leased to external customers. The lease terms range from 2 to 6 years.

(b) The valuations of the investment properties are set out below:

Description of Leasehold Property	Location	Term of lease (years)	Remaining term of Lease (years)	Valuation	
				million	S$' million
Festival Walk	Kowloon, Hong Kong	54	35	HKD20,700	3,296
Gateway Plaza	Chaoyang District, Beijing	47	41	RMB5,165	1,016
					4,312

The valuations are based on the valuations performed by independent professional valuers at 31 December 2012. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuers have considered the direct comparison method, discounted cash flow method and/or capitalisation approach in arriving at the open market value as at the reporting date. The valuation methods involve certain estimates. The key assumptions used to determine the fair value of investment properties include projected rental rates, market-corroborated capitalisation yield, terminal yield and discount rate. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

(c) As at the Listing Date, there is a property attachment order over Gateway Plaza (note 12).

3. Trade and other receivables

	As at Listing Date S$'000
Trade receivables	2,846
Deposits	46
Other receivables	53
Loans and receivables	2,945
Prepayments	475
	3,420

Concentration of credit risk relating to trade receivables is limited due to the Pro Forma Group's many varied tenants and the credit policy of obtaining security deposits from tenants for leasing the Pro Forma Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades and medium to long term office tenants. The Pro Forma Group's historical experience in the collection of accounts receivable falls within the recorded allowances. The Pro Forma Group believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Pro Forma Group's trade receivables, based on historical payment behaviours and the security deposits held.

Allowances for doubtful receivables

The trade receivables at the reporting dates are not past due and no allowance for doubtful receivables are recognised on the balances.

The majority of the trade receivables are mainly from tenants that have good credit records with the Pro Forma Group.

4. Cash and cash equivalents

	As at Listing Date S$'000
Cash at bank and in hand	132,109

Included in cash and cash equivalents as at the Listing Date is an amount of approximately S$30.0 million, which is maintained in a PRC bank account and denominated in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

In addition to the cash balances included in the table above, the Group has a cash balance of S$52.1 million (RMB264.9 million) which is in a frozen bank account (note 12) pending the appeal relating to HK Gateway Plaza Company Limited ("HK Gateway"). The Group has dividend payable to the Mapletree India China Fund Ltd. (MIC, being the vendor of HK Gateway) of S$52.1 million (RMB264.9 million). Upon lifting of the freezing order over the bank account, the Group shall release the cash balance to MIC or to the appellant in accordance with the directions set out in the final and binding judgment or ruling. Upon payment of the cash to either MIC or the appellant, the obligation of the Group to pay MIC the dividend is deemed to be satisfied or discharged. As the Group has a legally enforceable right to offset the cash balance with the dividend payable, and intends to settle on a net basis, the cash balance and dividend payable have been offset in this financial information.

5. Loans and borrowings

	As at Listing Date S$'000
Non-current	
Secured bank loans	1,934,621
Less: Unamortised transaction costs	(23,216)
	1,911,405
Maturity of gross interest-bearing borrowings:	
– after 1 year but within 5 years	1,934,621

Upon listing, the Pro Forma Group will have in place a HK$12,150 million unsecured term loan facility (the "Facility") with a staggered loan maturity, whereby 33%, 34% and 33% of the facility is repayable in three, four and five years respectively.

Pursuant to the Facility, the Properties will be subject to a negative pledge. Under the negative pledge, no security may be created or permitted to subsist over any of the Properties except:

- liens arising solely by operation of law and in the ordinary course of the Manager's operations in respect of indebtedness which has either (i) been due for less than 14 days or (ii) is being contested in good faith and by appropriate proceedings; or

- any security created or outstanding with the prior consent in writing from the Lenders constituting at least 75% of the Facility.

In addition, the Facility contains a change of control event which requires the manager of MGCCT to remain as a wholly-owned subsidiary of the Sponsor. In the event that the Manager is not a wholly-owned subsidiary of the Sponsor, it would result in a prepayment of the Facility.

At the Listing Date, the effective interest rate of the interest-bearing borrowings is approximately 2% per annum (including amortisation of upfront fee on the debt facility).

6. Trade and other payables

	As at Listing Date S$'000
Non-current	
Security deposits received	49,274
Current	
Trade payables	2,514
Security deposits received	14,443
Other payables and accrued operating expenses	21,067
	38,024

7. Deferred tax liabilities

	As at Listing Date S$'000
Deferred tax liabilities	
Investment properties	13,599

8. Units in issue

	As at Listing Date '000
Creation of new units arising from:	
– On establishment	–*
– The Offering	776,636
– Sponsor Subscription Units	931,598
– Cornerstone Units	953,475
	2,661,709

* Less than 1,000 Units

9. Financial risk management

The Pro Forma Group's activities expose it to credit risk, liquidity risk, market risk (including interest rate risk and currency risk) in the normal course of its business. The Pro Forma Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Pro Forma Group's financial performance. The Pro Forma Group may use financial instruments such as currency forwards, cross currency swaps, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Pro Forma Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Pro Forma Group as and when they fall due.

The Pro Forma Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

Liquidity risk is the risk that the Pro Forma Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Pro Forma Group's approach to managing liquidity is to ensure,

as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Pro Forma Group's reputation.

The Pro Forma Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Pro Forma Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual maturities of financial liabilities including interest payments and excluding the impact of netting agreements:

			Contractual cash flows		
	Note	Carrying amount S$'000	Total S$'000	Within 1 year S$'000	Within 2 to 5 years S$'000
As at the Listing Date					
Loans and borrowings	5	1,911,405	2,072,279	33,879	2,038,400
Trade and other payables	6	87,298	87,298	38,024	49,274
		1,998,703	2,159,577	71,903	2,087,674

Interest rate risk

The Pro Forma Group manages its net exposure to interest rate risk by maintaining sufficient lines of credit to achieve acceptable lending costs, monitoring the exposure to such risk on an ongoing basis and entering into hedging instruments, where appropriate.

The Pro Forma Group's interest rate risk arises primarily from its interest-bearing financial liabilities which are variable rate instruments. An increase/decrease of 10 basis points in interest rates at the reporting date would have (decreased)/increased total return before tax by the amounts shown below. This analysis assumes that the Manager has entered into interest rate swaps to hedge 67% of the loans and borrowings against movements in interest rates, and all other variables, in particular foreign currency rates, remain constant.

	10 bp increase S$'000	10 bp decrease S$'000
Variable rate bank loan	(1,935)	1,935
Interest rate swap	1,296	(1,296)
Cash flow sensitivity (net)	(639)	639

Foreign currency risk

The Manager's investment strategy involves investing in the Greater China region. In order to manage the currency risk involved in investing in assets outside Singapore, the Manager will adopt currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge;
- the use of cross currency swaps to swap a portion of debt in another currency into the currency of the asset investment to reduce the underlying currency exposure; and
- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

The following table details the Pro Forma Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are expressed in SGD, translated using the spot rate at the Listing Date. Differences resulting from the translation of the financial statements of MGCCT and its subsidiaries into the Pro Forma Group's presentation currency are excluded.

USD	**S$'000**
Cash at bank	2,143

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the USD at the reporting date would have decreased total return before tax by the amounts shown below. There is no impact on unitholders' funds. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Decrease in total return S$'000
USD (10% strengthening)	214

A 10% weakening of the Singapore dollar against the above currency at the reporting date would have the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Manager's objective when managing capital is to optimise MGCCT's capital structure within the borrowing limits set out in the Code on Collective Investment Schemes ("CIS") by the Monetary Authority of Singapore to fund future acquisitions and asset enhancement works at MGCCT's properties. To maintain or achieve an optimal capital structure, the Manager may issue new units or source additional borrowing from both financial institutions and capital markets.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Unaudited Pro Forma Balance Sheet as at listing date are as follows:

	Note	Loans and receivables	Other financial liabilities	Fair value
		S$'000	S$'000	S$'000
As at the Listing Date				
Trade and other receivables	3	2,945	–	2,945
Cash and cash equivalents	4	132,109	–	132,109
		135,054	–	135,054
Loans and borrowings	5	–	(1,911,405)	(1,911,405)
Trade and other payables	6	–	(87,298)	(87,298)
		–	(1,998,703)	(1,998,703)

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair value of financial instruments of the Pro Forma Group.

Financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) and variable rate loans and borrowings are assumed to approximate their fair values because of the short period to maturity or repricing. All other financial assets and liabilities are discounted in arriving at their fair values.

10. Segment reporting

	Hong Kong	PRC	Total
As at the Listing Date	S$'000	S$'000	S$'000
Non-current assets	3,297,062	1,015,760	4,312,822

11. Commitments

(i) Capital commitments:

	As at Listing Date
	S$'000
Contracted but not provided for	72

(ii) Non-cancellable rental receivable:

	As at Listing Date S$'000
Within 1 year	170,424
After 1 year but within 5 years	236,930
After 5 years	18,022
	425,376

12. Areas of estimation uncertainty

The key sources of estimation and critical accounting judgements in applying the Pro Forma Group's accounting policies are described below:

(a) Impairment loss on trade receivables

The Pro Forma Group regularly reviews its portfolio of rental receivables to assess impairment. In determining whether an impairment loss should be recorded, the Pro Forma Group considers whether there is any observable data indicating that there has been an adverse change in the payment status of debtors, and whether there is sufficient rental deposits being held by the Pro Forma Group to cover the doubtful rental receivables.

(b) Pending appeal in relation to the HK Gateway Plaza Company Limited which owns Gateway Plaza

There is a pending appeal before the Supreme People's Court of China ("Pending Appeal") in relation to a claim for the return of an alleged loan of S$41.3 million (RMB210.0 million), filed by Beijing Bestride Real Estate Development Co Ltd ("Bestride") against HK Gateway Plaza Company Limited ("HK Gateway") which owns Gateway Plaza (the "Litigation Action").

Bestride is the original developer of Gateway Plaza and is controlled by Tin Lik, a PRC national. Bestride sold Gateway Plaza to HK Gateway in 2006. Tin Lik subsequently sold the shares of Beijing Gateway Plaza (BVI) Limited ("BVI SPV") which held HK Gateway to RREEF China Commercial Trust ("RREEF CCT") in 2007. RREEF CCT sold BVI SPV to the current vendor, Mapletree India China Fund Ltd. ("MIC") in April 2010.

The Litigation Action was filed in July 2011 and the Lawsuit was dismissed by a tribunal of three judges of the Beijing Higher People's Court (the "Higher Court") in a written Ruling dated 7 December 2012. Bestride then filed the Pending Appeal on 22 December 2012 to the Supreme People's Court of China, which is the final appellate court.

Bestride has also filed a motion for a property attachment order on Gateway Plaza and bank account freezing order up to S$52.5 million (RMB264.9 million) (being the claim amount in the Litigation Action, comprising the alleged loan of RMB210.0 million and interest accrued thereon as at 28 February 2011) (the "Bestride Motion"), in order to secure Bestride's claim against HK Gateway. The Bestride Motion was filed in accordance with the PRC Civil Procedure Law and the Higher Court granted the

Bestride Motion an *ex parte* basis (*i.e.* without providing HK Gateway with an opportunity of being heard) by a tribunal of three judges on 7 July 2011, on the grounds that (i) under Civil Procedure Law of the PRC, the claimant may apply for a property attachment and bank account freezing order over the properties and the bank accounts of the defendant and the court may approve such order at its discretion; and (ii) Bestride offered Hunan Bestride Hotel, which was an affiliate of Bestride, to counter-guarantee its motion such that HK Gateway would have the resources to claim its damages as a result of the property attachment and the account freezing should HK Gateway succeed in the defence of the Litigation Action.

According to the ruling dated 7 July 2011 made by the Higher Court with respect to the property attachment and account freezing, HK Gateway is prevented from assigning Gateway Plaza or creating any encumbrance or security interest over Gateway Plaza and its underlying land use right without written approval of the Higher Court. However, based on legal advice received, the property attachment order does not affect HK Gateway's title to Gateway Plaza and MGCCT may dispose of Gateway Plaza through a disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd., and the disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd. would not contravene the property attachment order or the bank account freezing order, and the approval of the courts is not required for such disposal of HK Gateway or Beijing Gateway Plaza (Cayman) Ltd.

It should be noted that even if Bestride is successful in the litigation, it does not mean that MGCCT will lose its title to Gateway Plaza. The property attachment order is merely security in relation to the Litigation Action to ensure that there are sufficient monies available to pay Bestride in the event that it is successful in its claim. In any event, it should be noted that MGCCT may dispose of Gateway Plaza through a company sale (as indicated above).

Pursuant to the bank account freezing order, HK Gateway cannot use the funds sitting in the frozen bank account up to S$52.5 million (RMB264.9 million) without the written approval of the Higher Court. Based on legal advice received, there is no impediment to repatriation of rental proceeds if the claim amount of S$52.5 million (RMB264.9 million) has been set aside in the frozen bank account on the basis that the court ruling of 7 July 2011 granting the Bestride Motion and the notice for assisting account freezing issued by the court to the relevant bank expressly stated that the frozen amount should be S$52.5 million (RMB264.9 million). The funds over and above this frozen amount can therefore be used by HK Gateway. Notwithstanding the foregoing, there is no certainty that the repatriation of rental proceeds would not be affected if Bestride takes other courses of action.

The property attachment order and the bank account freezing order remain valid due to the filing of the Pending Appeal. However, HK Gateway is taking steps to remove the property attachment order by filing an application on 4 January 2013 to the Higher Court through its lawyers to request to substitute the property attachment order with a cash security deposit.

In the event that HK Gateway is unable to remove the property attachment order, HK Gateway's title to Gateway Plaza will not be affected but it will not be allowed to assign, or create any encumbrance or security interest over, Gateway Plaza and its underlying land use right without the written approval of the Higher Court.

The Litigation Action will be determined when there is a final and binding judgment or ruling issued by the relevant competent court of PRC. If Bestride is successful in its claim, MGCCT will be required to pay the amount of S$41.3 million (RMB210.0 million) plus accrued interest.

Pending the receipt of a final and binding judgment or ruling issued by a competent court of PRC with respect to the Litigation Action, the Pending Appeal and the lifting of the bank account freezing order, HK Gateway shall hold the sum of S$52.5 million (RMB264.9 million) currently deposited into the frozen account in trust for MIC. If HK Gateway is successful in the Litigation Action and the Pending Appeal, HK Gateway shall pay the said sum to MIC. Should the Litigation Action and the Pending Appeal be resolved in Bestride's favour instead, HK Gateway shall pay the said sum of S$52.5 million (RMB264.9 million) from the frozen amount to the claimant in accordance with the directions set out in the final and binding judgement or ruling and MIC shall have no claim whatsoever against HK Gateway in respect of the same. In addition, prior to the acquisition of Gateway Plaza by RREEF CCT (which subsequently sold Gateway Plaza to MIC, which is 43.2% held by the Sponsor and the current vendor of Gateway Plaza), HK Gateway registered a Beijing Representative Office. However, control of the Representative Office was not handed over to RREEF CCT and an announcement was made in a public media dated 25 June 2009. With the dismissal of the Litigation Action on 7 December 2012, MIC is also taking steps to strike off the Beijing Representative Office.

The vendor of HK Gateway Plaza Company Limited, MIC, has provided MGCCT with an indemnity in the event of any losses suffered by MGCCT as a result of the litigation and in relation to the Beijing Representative Office, subject to MIC's liability being limited to 10% of the purchase price of Beijing Gateway Plaza (Cayman) Ltd..

13. Other information

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held by the Pro Forma Group %
Beijing Gateway Plaza (Cayman) Ltd.	Cayman Islands	Investment holding	100%
HK Gateway Plaza Company Limited	Hong Kong	Property investment	100%
Gateway Plaza Property Operations (Beijing) Limited	PRC	Provision of consulting services	100%
Claymore Limited	Cayman Islands	Investment holding	100%
Festival Walk Holdings Limited	Hong Kong	Property investment	100%
Festival Walk (2011) Limited	Hong Kong	Property investment	100%

E MANAGER'S MANAGEMENT FEES, PROPERTY MANAGEMENT FEES, AND TRUSTEE'S FEES

Unless defined in this report, capitalised terms below shall have the meanings set out in the Glossary to the Prospectus.

(i) Manager's Management Fees

The Manager is entitled under the Trust Deed to management fees comprising the base fee and performance fee as follows:

(a) A base fee of 10% per annum of the Distributable Income (as defined in the Trust Deed) of MGCCT; and

(b) A performance fee of 25% of the difference in DPU (as defined in the Prospectus) in a relevant financial year (calculated before accounting for the performance fee in that financial year) multiplied by the weighted average number of units in issue for such financial year. The performance fee is only payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the Performance Fee is payable may be less than the DPU in the financial year prior to the preceding financial year.

(ii) Trustee's Fees

The Trustee is entitled under the Trust Deed to a fee charged on a scaled basis of up to 0.02% per annum of the value of the Deposited Property (as defined in the Prospectus) of MGCCT, subject to a minimum of S$15,000 per month (not exceeding of 0.1% per annum of the value of the Deposited Property).

(iii) Property Manager's Management Fees

Under the property management agreement in respect of the Properties, the property manager will provide property management services, lease management services and project management services in relation to the Properties. The property manager is entitled to the following fees:

Property management fee

(a) A fee of 2% per annum of the gross revenue of the relevant property (calculated before business tax for properties located in the PRC);

(b) A fee of 2% per annum of the net property income of the relevant property (calculated before accounting for the property management fee in that financial period); and

(c) Where any service is provided by a third party service provider, a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider.

The Manager may elect to pay the property management fee in cash or units or a combination of cash and units (as the Manager may in its sole discretion determine).

Festival Walk Staff Costs Reimbursement

The Property Manager will take over the centre management team of Festival Walk and also employs the persons to run The Glacier (which is the ice rink business of Festival Walk). The Property Manager is entitled (i) to be reimbursed for the cost of employing the personnel within the centre management team and the persons to run The Glacier (which is the ice rink business of Festival Walk) and (ii) to receive an administrative cost based on a margin of 3.0% of such employment cost. This payment shall be made to the Property Manager in cash.

Marketing services fee

The Property Manager is entitled to the following marketing services commissions:

- up to one month's gross rent inclusive of service charge, for securing a tenancy of three years or less;
- up to two months' gross rent inclusive of service charge, for securing a tenancy of more than three years;
- up to 0.5 month's gross rent inclusive of service charge, for securing a renewal of tenancy of three years or less; and
- up to one month's gross rent inclusive of service charge, for securing a renewal of tenancy of more than three years.

The Property Manager is not entitled to the marketing services commissions if such service is (i) performed by staff of the asset holding company or (ii) performed by third party service providers.

The Manager may elect to pay the marketing services fee in cash or units or a combination of cash and units (as the Manager may in its sole discretion determine).

Project management fee

A project management fee, subject to a limit of up to 3% of the total construction costs incurred in relation to development and redevelopment of a property, including the refurbishment, retrofitting and renovation works on such a property.

The Manager may elect to pay the project management fee in cash or units or a combination of cash and units (as the Manager may in its sole discretion determine).

INDEPENDENT TAXATION REPORT

27 February 2013

The Board of Directors

Mapletree Greater China Commercial Trust Management Ltd
(as the manager of Mapletree Greater China Commercial Trust (the "**Manager**"))
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

DBS Trustee Limited
(as the trustee of Mapletree Greater China Commercial Trust (the "**Trustee**"))
12 Marina Boulevard
#44-01 DBS Asia Central@ Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs

INDEPENDENT TAXATION REPORT

This letter has been prepared at the request of the Manager for inclusion in the prospectus ("**Prospectus**") to be issued in relation to the initial public offering of units ("**Units**") in Mapletree Greater China Commercial Trust ("**MGCCT**") on Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The purpose of this letter is to provide prospective purchasers of the Units with an overview of the Singapore income tax consequences of the acquisition, ownership and disposal of the Units. This letter principally addresses purchasers who hold the Units as investment assets. Purchasers who acquire the Units for dealing purposes should consult their own tax advisors concerning the tax consequences of their particular situations.

This letter also provides an overview of the tax consequences in the Cayman Islands ("**Cayman**"), Hong Kong and the People's Republic of China ("**PRC**").

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Prospective purchasers of the Units should consult their own tax advisors to take into account the tax law applicable to their particular situations. In particular, prospective purchasers who are not Singapore tax residents are advised to consult their own tax advisors to take into account the tax laws of their respective country of tax residence and the existence of any tax treaty which their country of tax residence may have with Singapore.

This letter is based on Singapore, Cayman, Hong Kong and PRC income tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Prospectus have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include the other gender.

SINGAPORE TAXATION

GENERAL PRINCIPLES OF TAXATION OF A TRUST

The income of a trust derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore will be chargeable to Singapore income tax ("**Taxable Income**") unless otherwise exempted. There is no capital gains tax in Singapore. However, gains from the sale of investments are chargeable to tax if such gains are derived from a trade or business of dealing in investments.

Singapore income tax is imposed on all income chargeable to tax after deduction of the allowable expenses.

Taxable Income of a trust is assessed to tax in the name of the trustee at the prevailing corporate tax rate. However, foreign-sourced income received in Singapore by real estate investment trusts ("**REITs")** listed on the SGX-ST ("**S-REIT**") will be granted tax exemption under section 13(12) of the Income Tax Act, Chapter 134 ("**SITA**") where certain conditions are met.

Taxation of MGCCT

Taxable Income Receivable by MGCCT

Except as detailed in the paragraphs below, the Trustee will be subject to Singapore income tax at the prevailing corporate tax rate on income of MGCCT derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore (i.e. Taxable Income). Such Taxable Income would comprise interest income arising from bank deposits. The current Singapore corporate tax rate is 17.0%.

Dividends Receivable by MGCCT from the Cayman Companies and the Hong Kong Treasury Company

Pursuant to the Singapore Tax Ruling, the Trustee will be exempt from Singapore income tax under Section 13(12) of the SITA on the dividend received from the Cayman Companies on or before 31 March 2015. The Singapore Tax Ruling is granted subject to certain conditions.

The Trustee should also be exempt from Singapore income tax under Section 13(8) of the SITA on the dividend received from the Hong Kong Treasury Company provided that the underlying income is subject to profits tax in Hong Kong and the highest rate of profits tax rate in Hong Kong at the time the income is received in Singapore is not less than 15.0%.

Tax-exempt dividends received from the Cayman Companies and from the Hong Kong Treasury Company will be referred to as "**Tax-Exempt Income**".

Return of Capital from the Cayman Companies and the Hong Kong Treasury Company

Any return of capital received by MGCCT from the Cayman Companies and the Hong Kong Treasury Company is capital in nature and hence, is not taxable in the hands of the Trustee.

Gains on Disposal of Shares in the Cayman Companies and the Hong Kong Treasury Company

Singapore does not impose tax on capital gains. In the event that the Trustee disposes of its shares in the Cayman Companies and the Hong Kong Treasury Company, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of

a trade or business. Gains arising from the sale of shares in the Cayman Companies and the Hong Kong Treasury Company, if considered to be trading gains, will be assessed to tax, currently at 17.0%, on the Trustee under Section 10(1)(a) of the SITA.

GST Registration of MGCCT

To the extent that MGCCT only derives dividend income and does not make any taxable supplies for GST purposes, it could not be registered for GST purposes in Singapore.

Recovery of GST incurred by MGCCT

GST would be incurred by MGCCT on offering-related and routine operating expenses incurred in Singapore. In the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for S-REITs to claim the GST incurred:

- on the setting up of their various tiers of SPVs that hold non-residential properties; and
- by their SPVs on the acquisition and holding of non-residential properties.

The GST remission has a qualifying period of up to 31 March 2015 and is subject to meeting certain qualifying conditions.

As the properties comprise non-residential properties, MGCCT should be able to recover the GST incurred on the offering-related and/or routine operating expenses (except for certain disallowed expenses) in full.

Taxation of the Unitholders

Distributions out of Taxable Income

Unitholders will not be subject to Singapore income tax on distributions made out of MGCCT's income that has been taxed at the Trustee level. Accordingly, distributions made by MGCCT out of Taxable Income to the Unitholders will not be subject to any tax deduction at source. No tax credit will be given to any Unitholder on the tax payable by the Trustee on such Taxable Income.

Distributions out of Tax-Exempt Income

Unitholders will not be subject to Singapore income tax on distributions made out of MGCCT's Tax-Exempt Income. No tax will be deducted at source on such distributions.

Distributions out of Return of Capital from the Cayman Companies and the Hong Kong Treasury Company

Unitholders will not be subject to Singapore income tax on distributions made by MGCCT out of its capital receipts, such as return of capital from the Cayman Companies and the Hong Kong Treasury Company. No tax will be deducted at source on such distributions.

For Unitholders who hold the Units as trading or business assets[1] and are liable to Singapore income tax on gains arising from the disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading

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1 The Units would likely be considered as trading/business assets if they are acquired by a person whose ordinary course of business involves the buying and selling of units and the Units are acquired with the intention to be resold at a profit. This is in contrast with Units which are acquired for long-term investment purposes and/or are capital in nature.

gain when the Units are disposed of. If the amount (being the distributions made by MGCCT out of its capital receipts) exceeds the cost of the Units, the excess will be subject to tax as a trading income of such Unitholders.

Distributions out of Gains from the Disposal of Shares in the Cayman Companies and the Hong Kong Treasury Company

Unitholders will not be subject to Singapore income tax on distributions made by MGCCT out of capital gains from the disposal of shares in the Cayman Companies and the Hong Kong Treasury Company unless the gains are considered income of a trade or business.

Gains derived by the Trustee from the disposal of shares in the Cayman Companies and the Hong Kong Treasury Company if considered to be trading gains, will be assessed to tax on the Trustee. Distributions made from such gains will not be subject to further tax in the hands of the Unitholders.

Disposal of the Units

Singapore does not impose tax on capital gains. Any gains on disposal of the Units are not liable to tax provided the Units are not held as trading assets. Where the Units are held as trading assets of a trade or business carried on in Singapore, any gains on disposal of the Units are liable to Singapore income tax under Section 10(1)(a) of the SITA.

Stamp Duty

Stamp duty will not be imposed on instruments relating to the transfer of the Units.

GST on Issue and Transfer of the Units

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, the Unitholders would not incur any GST on the subscription of the Units in MGCCT. The subsequent disposal of the Units in MGCCT by a GST-registered Unitholder through the SGX-ST or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Units through an overseas exchange or to another person belonging outside Singapore would constitute zero-rated supplies for GST purposes.

Recovery of GST incurred by Unitholders

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to the Unitholders belonging in Singapore in connection with their purchase and sale of the Units in MGCCT would be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered to the Unitholders belonging outside Singapore would generally be subject to GST at zero-rate when certain conditions are met.

Where the Unitholders are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Unitholders in MGCCT is generally not recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Unitholders should seek the advice of their tax advisers on these conditions.

CAYMAN ISLANDS TAXATION

There should be no income tax, capital gains tax, stamp duty and withholding tax applicable to the Cayman Companies in the Cayman Islands.

HONG KONG TAXATION

Taxation of the Hong Kong Property Companies

Rental Profits Derived by the Hong Kong Property Companies

The Hong Kong Property Companies are chargeable to Hong Kong profits tax in respect of any profits arising in or derived from Hong Kong from the carrying on of a trade, profession or business in Hong Kong. They will also have a *prima facie* liability to Hong Kong property tax on rental profits derived from properties located in Hong Kong. Companies may elect to pay Hong Kong profits tax only. The relevant Hong Kong Property Companies have made or will make this election. As a result, rental profits derived from property located in Hong Kong will be subject to Hong Kong profits tax in Hong Kong at the prevailing Hong Kong profits tax rate.

Rental profits derived from property located in the PRC are generally regarded as profits arising in or derived from outside Hong Kong and hence not subject to Hong Kong profits tax.

The current Hong Kong profits tax rate is 16.5%.

Dividend Income Receivable from Gateway Plaza Property Operations (Beijing) Limited

Dividends derived by HK Gateway Plaza Company Limited from Gateway Plaza Property Operations (Beijing) Limited should not be subject to Hong Kong profits tax.

Gains on Disposal of the Properties or Shares in Gateway Plaza Property Operations (Beijing) Limited

There is no capital gains tax in Hong Kong. Where the gain derived by the Hong Kong Property Companies on any future disposal of real estate properties or shares in Gateway Plaza Property Operations (Beijing) Limited are considered capital in nature or offshore sourced, they should not be subject to profits tax in Hong Kong.

Financing Profits Derived by the Hong Kong Treasury Company

The Hong Kong Treasury Company will be chargeable to Hong Kong profits tax at the prevailing Hong Kong profits tax rate in respect of any profits arising in or derived from the financing activities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable on any contract note for the sale and purchase of shares of the Hong Kong Property Companies and the Hong Kong Treasury Company at a rate of 0.2% of the higher of the actual consideration or market value of the stock.

Hong Kong stamp duty will also be payable on any conveyance on sale of real property in Hong Kong at a rate up to 8.5% of the higher of the actual consideration or market value of the property.

Distribution by the Hong Kong Property Companies

There is no Hong Kong withholding tax applicable on dividends. In this regard, dividend payments made by the Hong Kong Property Companies to the Cayman Companies and by the Hong Kong Treasury Company to MGCCT should not be subject to withholding tax in Hong Kong.

PRC TAXATION

Taxation of HK Gateway Plaza Company Limited and Gateway Plaza Property Operations (Beijing) Limited

PRC Income Tax

Under the PRC Enterprise Income Tax Law (中华人民共和国企业所得税法) and its implementation rules that became effective on 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC are subject to withholding tax at the rate of 10.0% on various types of passive income, including rental income and capital gains, derived from the PRC.

HK Gateway Plaza Company Limited is currently treated as having no business establishment in the PRC. As such, rental income and capital gains from disposal of a property located in the PRC derived by HK Gateway Plaza Company Limited will be subject to PRC withholding income tax at the rate of 10.0%.

Under the PRC Enterprise Income Tax Law and its implementation rules, the standard income tax rate of 25.0% should be applied to foreign invested enterprises as well as PRC domestic enterprises, while dividends earned after 1 January 2008 paid by PRC foreign invested enterprises to their non-PRC parent companies will be subject to a 10.0% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent is tax resident, which specifically exempts or reduces such withholding tax.

According to the Notice of the State Administration of Taxation on How to Understand and Determine the "Beneficial Owners" in Double Taxation Agreements (国家税务总局关于如何理解和认定税收协定中"受益所有人"的通知) promulgated by the PRC State Administration of Taxation on 27 October 2009 and effective from 27 October 2009, tax treaty benefits are applicable to "beneficial owner" and the term refers mainly to a person who has the right to own and dispose of the income and the rights or properties generating the said income. The "beneficial owner" may be an individual, a company or any other organisation which is usually engaged in substantial business operations. An agent, a conduit company or a shell company without business substance is not a "beneficial owner".

In line with the above, it is expected that Gateway Plaza Property Operations (Beijing) Limited will be subject to tax on its taxable income, currently at a rate of 25.0%. Where HK Gateway Plaza Company Limited may rely on the tax treaty between the PRC and Hong Kong and is considered as the "beneficial owner" of the dividends, the withholding tax rate for dividends would be 5.0%. Otherwise, a 10.0% withholding rate will apply to any dividends paid by Gateway Plaza Property Operations (Beijing) Limited to HK Gateway Plaza Company Limited.

Business Tax

Business tax is payable in respect of certain business activities in the PRC as set out in the PRC Provisional Regulations Concerning Business Tax (中华人民共和国营业税暂行条例), which was promulgated on 13 December 1993 and amended on 10 November 2008. The activities to which the business tax applies include construction, leases and sales of real estate properties and provision of certain services in the PRC. The tax is a turnover tax charged on gross revenue (including rental fees, property management fees, rental deposits, other surcharges and service fees). No deduction of the tax incurred on purchased services or materials is allowed. However, deductions from gross revenue are allowed for subcontracting fees paid among the transportation, tourism and construction industries. The rate of business tax payable for leasing transactions, sales of real estate/immovable properties and provision of general services is 5.0%.

HK Gateway Plaza Company Limited should be liable for business tax at 5.0% on the total rental income and interest income (if any) derived from the PRC. The said total rental income should include all the payments and surcharges received by HK Gateway Plaza Company Limited in relation to Gateway Plaza. Gateway Plaza Property Operations (Beijing) Limited should be liable for business tax at 5.0% on the income derived from the provision of services to HK Gateway Plaza Company Limited.

Real Estate Tax

According to the PRC Tentative Regulations on Real Estate Tax (中华人民共和国房产税暂行条例), which was promulgated by the State Council on 15 September 1986 and effective from 1 October 1986 and as amended on 8 January 2011 and the real estate tax practice in Beijing, a non-resident enterprise should be liable for real estate tax at 1.2% on the 70.0% of the book value of the property regardless of whether it is for self-use or for lease. Real estate tax should be applicable to HK Gateway Plaza Company Limited.

On 21 December 2010, the Ministry of Finance of the PRC and the PRC State Administration of Taxation jointly issued the Notice on the Policies regarding Urban and Town Land Use Tax Imposed on Entities Employing the Disabled (关于安置残疾人就业单位城镇土地使用税等政策的通知), under which, if the real estate tax of a building is calculated on the basis of its residual value, the value of such building should cover its land premium, including the purchase price paid for the land use rights and cost and expenses for land development, and if the floor area ratio for a parcel of land is less than 0.5, the land premium should be calculated on the basis of a site area which is two times the GFA of the building.

Land Use Tax

Pursuant to the PRC Tentative Regulations on Land Use Tax in respect of Urban and Town Land (中华人民共和国城镇土地使用税暂行条例) promulgated by the State Council on 27 September 1988 and effective from 1 November 1988, the land use tax in respect of urban and town land is levied according to the area of relevant land. Currently, the land use tax is between RMB1.50 and RMB30.0 per sq m per annum in respect of land located in metropolitan area, including Beijing. For Gateway Plaza, the applicable land use tax is currently at RMB24.0 per sq m per annum.

Stamp Duty

Under the PRC Tentative Regulations on Stamp Duty (中华人民共和国印花税暂行条例) promulgated by the State Council on 6 August 1988 and effective from 1 October 1988 and as amended on 8 January 2011, for building property transfer instruments, including those in respect of property ownership transfer, the stamp duty is charged at 0.05% of the amount stated therein. For permits and certificates relating to rights, including real estate title certificates and state-owned land use rights certificates, the stamp duty is levied on an item-by-item basis at RMB5 per document. For building leases, the stamp duty rate is 0.1% of the rental, and for construction and installation project contracts, the duty rate is 0.03% of the amount stated therein. The stamp duty is payable by both parties to the contracts.

Deed Tax

Under the PRC Tentative Regulations on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council on 7 July 1997 and effective from 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the PRC. These taxable transfers include grant of state-owned land user rights and sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. The rate of deed tax is 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions.

Land Appreciation Tax

Under the PRC Tentative Regulations on Land Appreciation Tax (中华人民共和国土地增值税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 as amended on 8 January 2011 and its implementation rules, all income from the sale or transfer of state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to land appreciation tax at progressive rates ranging from 30.0% to 60.0% of the appreciation value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sales of commercial properties.

Urban Maintenance and Construction Tax and Education Surcharge

Under the PRC Interim Regulations on Urban Maintenance and Construction Tax (中华人民共和国城市维护建设税暂行条例) promulgated by the State Council on 8 February 1985 as amended on 8 January 2011, any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7.0% for a taxpayer whose domicile is in an urban area, 5.0% for a taxpayer whose domicile is in a county and a town, and 1.0% for a taxpayer whose domicile is not in any urban area or county or town, each calculated on the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Interim Provisions on Imposition of Education Surcharge (征收教育费附加的暂行规定) promulgated by the State Council on 28 April 1986 and as amended on 7 June 1990, 20 August 2005 and 8 January 2011 respectively, a taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge pursuant to the Notice issued by the State Council on Raising Funds for Schools in Rural Areas (国务院关于筹措农村学校办学经费的通知). The tax rate of the education surcharge shall be 3.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

According to the PRC Education Law issued on 18 March 1995, provincial governments are empowered to collect local education surcharge. Under the Notice Concerning Unification of Local Education Surcharge Policy (关于统一地方教育附加政策有关问题的通知) issued by the Ministry of Finance of the PRC on 7 November 2010, local education surcharge rate shall be unified to 2.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Supplementary Notice Concerning Imposition of Education Surcharge (国务院关于教育费附加征收问题的补充通知) issued by the State Council on 12 October 1994, the Circular Concerning Temporary Exemption from Urban Maintenance and Construction Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (国家税务总局关于外商投资企业和外国企业暂不征收城市维护建设税和教育费附加的通知), and the Approval on Exemption of Urban Maintenance and Construction Tax and Education Surcharge in Foreign-invested Freightage Enterprises (国家税务总局关于外商投资货物运输企业征免收城市维护建设税和教育费附加问题的批复) issued by the PRC State Administration of Taxation on 25 February 1994 and on 14 September 2005 respectively (which now have been invalidated), neither the urban maintenance and construction tax nor the education surcharge shall be applicable to foreign-invested enterprises until further explicit stipulations are issued by the State Council.

However, according to the Notice on Unifying the Urban Maintenance and Construction Tax and Education Surcharge System of Domestic Enterprises, Foreign-invested Enterprises and Individuals (国务院关于统一内外资企业和个人城市维护建设税和教育费附加制度的通知) issued by the State Council on 18 October 2010, and the Notice on Enhancement of Finance Investment in Education (国务院关于进一步加大财政教育投入的意见) issued by the State Council on 29 June

2011, both the urban maintenance and construction tax and education surcharge (including local education surcharge) shall be applicable to foreign-invested enterprise from 1 December 2010 onwards.

Accordingly, HK Gateway Plaza Company Limited and Gateway Plaza Property Operations (Beijing) Limited should be liable for urban maintenance and construction tax, education surcharge and local education surcharge on their consumption tax, value-added tax or business tax paid at the rates of 7.0%, 3.0% and 2.0%, respectively.

PRC Tax Reporting Obligations and Consequences for Certain Indirect Transfers of Equity Interests

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by the PRC State Administration of Taxation (国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知) on 10 December 2009 (effective 1 January 2008) and the Announcement on Enterprise Income Tax Administration on Non-PRC Resident Enterprises issued by the PRC State Administration of Taxation (国家税务总局关于非居民企业所得税管理若干问题的公告) on 28 March 2011, where a foreign investor or effective controlling party transfers the equity interests in a PRC resident enterprise (excluding the sale of the shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets) indirectly by way of the sale of equity interests in an overseas holding company, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate which is less than 12.5% for share transfers or (ii) does not levy tax on share transfer gain, the foreign investor should report such indirect transfer to the competent tax authority of the PRC resident enterprise within 30 days of the execution of the equity transfer agreement for such indirect transfer. The PRC tax authority will examine the true nature of the indirect transfer, and if the PRC tax authority considers that the foreign investor has adopted an abusive arrangement without reasonable commercial purposes and in order to avoid PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterise the indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax currently at the rate of 10.0%.

In the event of a disposal of the shares in the relevant Cayman Company and Hong Kong Property Company which results in a transfer of the equity interests in Gateway Plaza Property Operations (Beijing) Limited, the transferor may be required to report such transfers to the PRC tax authority. The gains arising from such indirect transfers may potentially be subject to tax in the PRC, currently at the rate of 10.0%. Under the current laws and regulations, the above reporting obligations and tax implications do not technically apply to an indirect transfer of interest in real estate in the PRC although there can be no assurance that the laws and regulations may not change.

Taxation of Unitholders

PRC Tax Reporting Obligations and Consequences for Certain Indirect Transfers of Equity Interests

As noted above, the PRC tax reporting obligations for indirect transfers of equity interests do not apply to indirect sales of shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets. The relevant notice and announcement issued by the PRC authorities do not specify whether purchases through initial public offering would constitute “purchases from public securities market”. However, a general guideline in the announcement makes reference to situations where the seller is unable to identify or fix the price, or where the seller cannot determine who the buyer is or volume of shares bought and sold as being “purchases from the public securities markets”. Accordingly, in line with the general

guideline, the initial subscription of units by unitholders would appear to be considered "purchases from public securities market", which is subject to agreement by the PRC authorities. Unitholders should consult their own tax advisers relating to their particular circumstances.

Yours faithfully

Leonard Ong
Executive Director, Tax
For and on behalf of
KPMG Services Pte. Ltd.

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

PRIVATE & CONFIDENTIAL
www.dtz.com

Valuation Report

Mapletree Greater China Commercial Trust Management Ltd.
(as manager of Mapletree Greater China Commercial Trust)

DBS Trustee Limited
(as trustee of Mapletree Greater China Commercial Trust)

The Commercial Accommodation, Office Accommodation, Multi-storey Car Park, Ancillary Car Park, Common Areas and Facilities of Festival Walk, No. 80 Tat Chee Avenue, Kowloon Tong, Kowloon.

Valuation as at 31 December 2012

DTZ
16/F, 1063 King's Road,
Quarry Bay, Hong Kong
Tel: +852 2507 0507
Fax: +852 2530 1502

30 January 2013

The Board of Directors
Mapletree Greater China Commercial Trust Management Ltd.
(as manager of Mapletree Greater China Commercial Trust)
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

DBS Trustee Limited
(as trustee of Mapletree Greater China Commercial Trust)
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs,

Re: The Commercial Accommodation, Office Accommodation, Multi-storey Car Park, Ancillary Car Park, Common Areas and Facilities of Festival Walk, No. 80 Tat Chee Avenue, Kowloon Tong, Kowloon. (the "Property")

Instructions, Purpose & Date of Valuation

We refer to your instructions for us to carry out a market valuation of the Property in which Mapletree Greater China Commercial Trust Management Ltd. (the "Company") and/or its subsidiaries (together referred to as the "Group") have interest. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the Property as at 31 December 2012 (the "date of valuation").

Basis of Valuation

Our valuation of the Property represents its market value which in accordance with the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." This is similar to the definition of Market Value stated in the International Valuation Standards 2011.

Valuation Assumptions

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Method of Valuation

We have valued the Property by Income Capitalization Method, Discounted Cash Flow ("DCF") Method. In addition, Direct Comparison Method has also been used as a cross-reference to check against the results derived from the income approaches.

The Income Capitalization Method is based on capitalisation of the rental income derived from the existing tenancies at an appropriate yield with due provision for any reversionary income potential.

The DCF Method involves discounting future net cash flows of the Property to its present value by an appropriate discount rate that reflects the rate of return required by a third party for an investment of this type. In the course of the DCF analysis, we assume a holding period of 10-year investment horizon and the net income in the 11th year is capitalised at an appropriate yield into a capital value. The Property is assumed to be disposed of in the 11th year of the cash flow.

The Direct Comparison Method is a method of valuation based on comparing the Property with comparable sales transaction as available in the market.

Source of Information

We have relied to a very considerable extent on the information given by you and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of property, particulars of occupancy, floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by you and are therefore only approximations. No on-site measurement has been carried out.

Title Investigation

We have not been provided with copies of the title documents relating to the Property but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

We have inspected the exterior of the Property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Non-publication & Savings Clause

Neither the whole nor any part of this letter and valuation certificate or any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which they will appear.

Finally and in accordance with our standard practice, we must state that no responsibility is accepted to any third party for the whole or any part of the contents of this letter and valuation certificate.

Our valuation certificate is hereby enclosed for your attention.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited

K. B. Wong
MHKIS, MRICS, RPS (GP)
Senior Director

DTZ a UGL company 戴德梁行

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2012
The Commercial Accommodation, Office Accommodation, Multi-storey Car Park, Ancillary Car Park, Common Areas and Facilities of Festival Walk, No. 80 Tat Chee Avenue, Kowloon Tong, Kowloon. 200,471/ 206,125th shares of and in New Kowloon Inland Lot No. 6181.	Festival Walk comprises 7 levels of retail space including a cinema and an ice-skating rink, 4 office levels and 3 basement parking levels. The development is linked to the Kowloon Tong MTR station and was completed in 1998. The 1st to 3rd basements provide a total of 830 car parking spaces. The upper 7 levels including MTR Level, Levels LG1, LG2, G, UG, 1 and 2 accommodate a shopping centre, including a cinema and an ice-skating rink. Further on top are four floors named as Levels 3 to 6 which provide office accommodation. The total gross floor area of the Property (excluding the floor area of the car parking spaces) is approximately 1,208,754 sq.ft. (112,295.99 sq.m.), including a gross floor area of approximately 980,089 sq.ft. (91,052.50 sq.m.) for retail uses and a gross floor area of approximately 228,665 sq.ft. (21,243.49 sq.m.) for office uses. The Property is held from the Government for a term from 30 March 1993 to 30 June 2047. The current Government rent for the Property is an amount equal to 3% of the rateable value for the time being of the Property per annum.	Except for office space with a lettable area of about 8,709 sq.ft. (809.09 sq.m.) which is owner occupied and the ice-skating rink which is owner-operated, the retail mall and offices are fully let and subject to various tenancies with the latest tenancy due to expire in February 2022. The total monthly rent (base rent) and licence income is approximately HK$67,800,000, exclusive of rates and management fees. The car parking spaces are licensed on monthly and hourly basis and the total income from the car park for the period from January 2012 to December 2012 is about HK$25,400,000.	HK$21,000,000,000

Notes:

(1) The registered owners of the Property are Festival Walk (2011) Limited (Re: The Commercial Accommodation, Office Accommodation, Multi-storey Car Park, Ancillary Car Park of the Property) and Festival Walk Holdings Limited (Re: the Common Areas and Facilities of the Property).

(2) The Property is subject to two Modification Letters registered in the Land Registry vide Memorial No. UB7488487 dated 5 May 1998 and Memorial No. UB8698946 dated 4 June 2002 respectively.

(3) The Property is subject to a Legal Charge over Hong Kong Real Property in favour of DBS Ltd (Security Trustee) for all monies vide Memorial No. 11082601850029 dated 22 August 2011. (Re: The Commercial Accommodation, Office Accommodation, Multi-storey Car Park, Ancillary Car Park of the Property)

Valuation Report

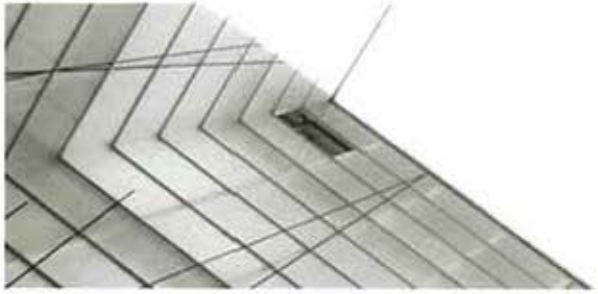
Commercial Accommodation, Office Accommodation, Multi-storey Car Park, Ancillary Car Park and Common Areas and Facilities, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong

30 January 2013

Prepared For

The Board of Directors
Mapletree Greater China Commercial Trust Management Ltd.
(as manager of Mapletree Greater China Commercial Trust)
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

DBS Trustee Limited
(as trustee of Mapletree Greater China Commercial Trust)
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982



Knight Frank 萊坊

Our Ref : GV/TW/CEC/BC/bl/06-0738/ 10687(3)

30 January 2013

The Board of Directors
Mapletree Greater China Commercial Trust Management Ltd.
(as manager of Mapletree Greater China Commercial Trust)
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

DBS Trustee Limited
(as trustee of Mapletree Greater China Commercial Trust)
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs

The Commercial Accommodation, Office Accommodation, Multi-storey Car Park, Ancillary Car Park and Common Areas and Facilities, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong (hereinbelow collectively referred to as "the Property")

In accordance with the instructions to us to value the Property, we confirm that we have carried out external inspection, made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in its existing state as at 31 December 2012 for for public disclosure purpose in any published document, circular or statement, whether in hard copy, electronic form or otherwise.

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Basis of Valuation

We have adopted the international definition of Market Value, namely:

"Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties have each acted knowledgeably, prudently and without compulsion".

And also the Valuation Standards issued by The Hong Kong Institute of Surveyors :-

Market Value is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The market value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

In undertaking the valuation, we have regarded the requirements contained in "HKIS Valuation Standards on Properties (First Edition 2005)" published by the Hong Kong Institute of Surveyors.

Valuation Basis and Methodology

We have valued the Property subject to its existing tenancies and licences. In undertaking our valuation of the Property, Income Capitalization Approach has been adopted and cross-checked with Discounted Cash Flow Analysis. Our valuation is prepared with reference to sales evidence as available in the market and by capitalization of the net income shown on tenancy schedules handed to us. We have, in appropriate cases, made provisions for reversionary income potential.

Valuation Assumptions and Conditions

Our valuation is subject to the following assumptions and conditions:-

Source of Information

We have relied to a very considerable extent on information given by you and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupancies, incomes, expenditures, site and floor areas, plans and all other relevant matters. We have not verified the information provided to us and have assumed that they are correct. We do not undertake to certify the authenticity of the information provided to us and we have no reason to doubt the truth and accuracy of this information which is material to the valuation. We were also advised by you that no material facts have been omitted from the information provided. We take no responsibility for inaccurate data provided to us and subsequent conclusions derived from such data.

Inspection and Measurement

We have inspected the exterior of the Property. However, we have not been able to carry out on-site measurement to verify the correctness of the area of the Property and have assumed that the floor areas of the Property shown on the information handed to us are correct.

Dimensions, measurements and areas included in this valuation report are based on information contained in copies of documents provided to us and are therefore only approximations.

Title Documents and Encumbrances

We have not been provided with any title documents of the Property or extracts / copies thereof but we have caused sample searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to verify any lease amendments which may not appear on the copies handed to us.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the Property. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions, title defects and outgoings of an onerous nature which could affect its value.

Whilst we have taken reasonable care to investigate the titles of the Property valued, we do not accept liability for any interpretation which we have placed on such information, which is more properly within the sphere of your legal advisers.

Structural Condition

We have not undertaken any structural survey or tested the services of the Property. Our valuation has therefore been undertaken on the basis that the Property was all in satisfactory repair and condition with services functioning satisfactorily and is free from rot, infestation or any other structural defect.

Contamination

We have not arranged for any investigation to be carried out to determine whether any deleterious or hazardous material has been used in the construction of the Property and have therefore assumed in our valuation that none of the said material was contained in the Property.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Property had been developed, constructed, occupied and used in full compliance with, and without contravention of any Ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorization have been obtained, except only where otherwise stated.

We enclose herewith our valuation.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Tony W M Wan MRICS MHKIS RPS(GP)
Director, Head of General Valuation

Enc

CEC/BC/bl

VALUATION

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2012
The Commercial Accommodation, Office Accommodation, Multi-storey Car Park, Ancillary Car Park and Common Areas and Facilites, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong 200,471/206,125th shares of and in New Kowloon Inland Lot No 6181	The Property comprises an 11-storey commercial complex erected over a 3-level basement carpark standing on a site with a registered site area of approximately 20,660 sq m (222,384 sq ft). The Property was completed in 1998. The complex consists of a 4-level Grade-A office block erected atop of a 7-level shopping arcade providing various sizes of shop spaces, a cinema accommodating 7 cinema halls with a total seating capacity of about 1,245 seats, an ice skating rink and a food court. In addition, 830 private carparking spaces and 93 loading / unloading spaces are provided within the carpark portion of the complex. Vehicular circulation with the basement carpark is served by ramps with carpark entrance and exit located at Ground Floor level opening to Tat Chee Avenue.	As at the date of valuation, with the exception of about 8,709 sq ft (Lettable Area) office spaces which were owner-occupied, the remaining commercial areas and office spaces were subject to various tenancies mostly for terms of 2 to 3 years with the latest one expiring in Februry 2022 at a total monthly base rent of approximately HK$71,970,000 mostly exclusive of rates and management fees. The average monthly turnover rent received for the period from 1 January 2012 to 31 December 2012 was approximately HK$3,018,000. The total gross income generated from the car parking spaces for the period from 1 January 2012 to 31 December 2012 was approximately HK$25,363,000.	HK$20,700,000,000

Description and tenure

The floor areas of various portions of the Property are summarized below:

	Gross Area		Lettable Area	
Use	Sq m	Sq ft	Sq m	Sq ft
Commercial	85,554.049	920,904	48,222.41	519,066
Cinema	5,498.450	59,185	3,530.29	38,000
Office	21,243.486	228,665	19,879.41	213,982
Carpark	14,350.638	154,470	-	-
Ice Rink	-	-	2,107.02	22,680
Total	**126,646.623**	**1,363,224**	**73,739.13**	**793,728**

New Kowloon Inland Lot No 6181 is held from the Government under Conditions of Sale No 12250 for a term of years from 30 March 1993 to 30 June 2047at an annual Government rent of 3% of the rateable value for the time being of the Property.

Notes : (1) The registered owner of the Commercial Accommodation, Office Accommodation, Multi-storey Car Park and Ancillary Car Park of Festival Walk was Festival Walk (2011) Limited and that of Common Areas and Facilities of Festival Walk was Festival Walk Holdings Limited as at the date of valuation.

(2) As at the date of valuation, the Property was subject to the following encumbrances as per our sample land search in the Land Registry:-

i. Modification Letters vide memorial no UB7488487dated 5 May 1998 and memorial no UB8698946 dated 4 June 2002 respectively.

ii. Occupation Permit No NK18/98 vide memorial no UB7538941 dated 3 July 1998.

iii. Deed of Mutual Covenant and Management Agreement with Plans vide memorial no UB7645629 dated 27 November 1998.

iv. Memorandum with certified true copy of Car Park Layout plans vide memorial no UB7697947 dated 22 February 1999.

v. Occupation Permit No NK 10/2000 (OP) vide memorial no UB8053901 dated 3 April 2000 in respect of the footbridge link between NKIL 6181 and existing footbridge over Kowloon Canton Railway Kowloon Tong Station.

vi. Certificate of Compliance vide memorial no UB8383088 dated 7 May 2001.

vii. Legal Charge over Hong Kong real property in favour of DBS Bank Ltd.(Security Trustee) vide memorial no 11082601850029 dated 22 August 2011.

viii. Various tenancy agreements.

(3) The Property was situated within an area zoned as "Other Specified Uses (Commercial Uses including a Public Transport Terminus, Multi-Storey Carpark, Post Office)" under the approved Shek Kip Mei Outline Zoning Plan No S/K4/27 dated 5 June 2012 as at the date of valuation.

(4) The breakdown figures are as follows:-

Retail Portion	:	HK$18,450,000,000
Office Portion	:	HK$2,000,000,000
Carpark	:	HK$250,000,000

CBRE

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地產代理（公司）牌照號碼
Estate Agent's Licence No: C-004065

Our Reference: V/F13-021/HCH/TNG

1 February 2013

DBS Trustee Limited (in its capacity as trustee of
Mapletree Greater China Commercial Trust)
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs,

In accordance with your instructions for us to value the Gateway Plaza in Beijing (the "Property Interests"), the People's Republic of China ("the PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of such property interests as at 31 December 2012 (the "Date of Valuation").

Our valuation is our opinion of Market Value which is defined to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Unless otherwise stated, our valuation is prepared in accordance with the ''First Edition of The HKIS Valuation Standards on Properties'' published by The Hong Kong Institute of Surveyors (''HKIS''). In valuing the Property Interests, we have complied with the requirements contained in Part VII of Chapter 2 of the Listing Manual ('the "Exchange Listing Rules'') issued by the Singapore Exchange Securities Trading Limited.

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to increase the values of the property interests.

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the commercial property market. We have primarily utilized the Capitalisation Approach and Discounted Cash Flow analysis in undertaking our assessment of the property interests.

Kowloon Office 九龍辦事處
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CBRE

We have relied to a considerable extent on information given by the landlord, in particular, but not limited to, planning approvals, statutory notices, easements, tenancies, site area and floor areas. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificates are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the landlord, which is material to the valuation. We were also advised by the landlord that no material facts have been omitted from the information provided to us.

In the course of our valuation for the Property Interests in the PRC, we have relied on the information provided by the landlord. We have not, however, searched the original documents to verify ownership or existence of any amendment which does not appear on the copies handed to us. All documents have been used for reference only.

We have inspected the property to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the property are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

Unless otherwise stated, all monetary amounts are stated in Renminbi ("RMB").

We enclose herewith our valuation summaries.

Yours faithfully,
For and on behalf of
CBRE HK Limited

Yu Kam Hung FHKIS FRICS RPS(GP) FHIREA	**Harry Chan** FHKIS MRICS MCIREA RPS(GP)
Senior Managing Director	Senior Director
Valuation & Advisory Services	Valuation & Advisory Services
Greater China	Greater China

CBRE

Valuation Summary

Property:	Gateway Plaza located at No.18 Xiaguangli, East 3rd Ring Road North, Chaoyang District, Beijing The People's Republic of China
Client:	DBS Trustee Limited (in its capacity as trustee of Mapletree Greater China Commercial Trust)
Purpose:	Initial Public Offering and Financing Purpose
Basis of Valuation:	Market Value in existing state
Land Area:	17,690.24 sqm approximately
Land Term:	Expires on 25 February 2053
Brief Description:	The Property, one of the grade A international office buildings in the Lufthansa business area, was completed in 2005. It comprises two 25-storey office towers with a 3-storey retail podium aboveground and 3-storey basement which is used for car parking and ancillary rooms. Located at the East 3rd Ring Road North in Lufthansa business area, the building is situated in a prosperous commercial area and benefits from the serene and prestigious environment of the diplomatic quarter nearby.
Total Floor Area:	130,488.07 sqm approximately
Critical Assumptions:	Subject to proposed usage, floor areas, tenancy schedule and financial data provided by the landlord and its representatives. If this information turns out to be different, we reserve the right the revise the valuation.
Valuation Approaches:	Capitalization Approach and Discounted Cash Flow Approach
Date of Inspection:	7 November 2012
Date of Valuation:	31 December 2012

Valuation:

Approaches	RMB
Discounted Cash Flow Approach	5,152,000,000
Direct Capitalisation Approach	5,181,000,000
Reconciled Value	**5,170,000,000**

Prepared By: **CBRE HK Limited**

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VIGERS 威格斯

1st February 2013

The Directors
Mapletree Greater China Commercial Trust Management Ltd.

10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

Dear Sirs,

In accordance with your recent instruction for us to value the property (i.e. "**Gateway Plaza, No. 18 Xiaguangli, East 3rd Ring North Road, Chaoyang District, Beijing, The People's Republic of China**") held by "**HK Gateway Plaza Company Limited**", we confirm that we have inspected the property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the property as at 31st December 2012 (the "Valuation Date").

Basis of Valuation

Our valuation is our opinion of market value of the property which is defined as intended to mean "*the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".* Our valuation has been prepared in accordance with "The HKIS Valuation Standards on Property (First Edition 2005)" published by The Hong Kong Institute of Surveyors ("HKIS"), "The RICS Valuation – Professional Standards Incorporating the International Valuation Standards (March 2012)" published by the Royal Institution of Chartered Surveyors ("RICS") , "International Valuation Standards 2011" published by "International Valuation Standards Council" ("IVSC") and "Code on Collective Investment Schemes (First Edition) issued by "The Monetary Authority of Singapore".

Valuation Method

The valuation methods adopted to arrive at our opinion of value are income capitalization method and discounted cash flow analysis. Income capitalisation method reflects the specific characteristics of the property such as lease expiry profile, existing tenant covenants as well as current passing rentals and reversionary rents; whilst discounted cash flow analysis reflects additional property specific characteristics of the property such as lease duration and potential rental income growth, renewal rates, vacancy rates and all outgoings of property operation. In arriving at the market value of the property as at the Valuation Date, we have adopted the average of the values derived from income capitalization method and discounted cash flow analysis.

Valuation Assumptions

Our valuation has been made on the assumption that the property can be sold in the prevailing market in existing state on an "as-is" basis without the effect of any deferred term contract, leaseback, joint venture or any other similar arrangement which may serve to affect the value of the property, unless otherwise noted or specified. In addition, no account has been

taken into of any option or right of pre-emption concerning or affecting the sale of the property.

In our valuation, we have assumed that the owner of the property has free and uninterrupted rights to use and assign the property during the whole of the unexpired land-use rights' term granted subject to the payment of usual land-use fee.

No soil investigation has been carried out to determine the suitability of ground conditions or services for any property development erected on the property. Our valuation has been carried out on the assumption that these aspects are satisfactory. We have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will be granted without onerous conditions or delay.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property, nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the property.

We have not carried out on-site measurement to verify the correctness of the site and floor areas in respect of the property but we have assumed that the site and floor areas shown on the documents handed to us are correct and reliable.

Valuation Consideration

Having examined all relevant documents, we have relied to a considerable extent on the information given by the instructing parties, particularly planning approvals or statutory notices, easements, land-use rights, site areas, floor areas, occupancy status and in the identification of the property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us by the instructing parties and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the instructing parties that no material facts have been omitted from the information so given.

Remarks

We declare hereby that we are independent to the instructing parties; and we are not interested directly or indirectly in any share in any member of the instructing parties. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any share or unit in any member of the instructing parties.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Renminbi ("RMB"), the lawful currency of the PRC.

We enclose herewith our Valuation Certificate.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED

VIGERS APPRAISAL & CONSULTING LTD. 威格斯資產評估顧問有限公司

David W. I. Cheung
MRICS MHKIS RPS(GP) CREA
Executive Director

Franky C. H. Wong
MSc(RealEst) MCIM MRICS MHKIS RPS(GP)
Assistant Director

Note: Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division under The Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region ("Hong Kong") with over 29 years' valuation experience on property in various regions including Hong Kong, Macao, Taiwan, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has 6-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Franky C. H. Wong is a Registered Professional Surveyor in General Practice Division under The Surveyors Registration Ordinance (Cap. 417) in Hong Kong with over 11 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan and the United States of America. Mr. Wong has 6-year of experience with Vigers Appraisal and Consulting Limited.

VALUATION CERTIFICATE

Property	General Description	Occupancy Status	Market Value in Existing State as at the Valuation Date
Gateway Plaza, No. 18 Xiaguangli, East 3rd Ring North Road, Chaoyang District, Beijing, The PRC	Completed in 2005, the property comprises two high-rise office towers erected over a commercial podium with a 3-level of basement mainly for carpark use. The property has a site area of about 17,690.24 square metres and a total gross floor area of about 130,488.07 square metres (excluding municipal defence portion of about 8,604.75 square metres on basement) with breakdown tabulated as follows. Portion — Gross Floor Area Above Ground — 102,735.60 square metres Basement — 27,012.42 square metres Ancillary Use — 740.05 square metres Total — 130,488.07 square metres The property also provides a total of 692 car parking spaces, including 17 on forecourt and 675 on basement; as well as 2 advertising light boxes and 2 advertising signs. The property is held under land-use rights for composite and basement carpark uses to be expired on 25 February 2053.	Majority of the office and commercial portions of the property having an overall occupancy rate of about 97.77% (including an owner-occupied office unit) amounts to an aggregate monthly rent of RMB25,240,057.77 with the last expiry date on 30 September 2022; whilst the carpark portion is either leased out on a monthly basis to occupants or hourly basis to visitors with average monthly income of about RMB498,720.	RMB5,165,000,000 *(Please also refer to Note 8. for further details.)*

Note

1. Pursuant to Certificate of State-owned Land-use of the People's Republic of China (Document No.: Jing Chao Guo Yung (2003 Chu) Di 0075 Hao), the granted land-use rights of the property is vested in the name of "HK Gateway Plaza Company Limited".

2. Pursuant to Certificate of Building Ownership of the People's Republic of China (Document No.: Jing Fang Quan Zheng Shi Chao Gang Ao Tai Zi Di 10298 Hao), the building portion of the property is vested in the name of "HK Gateway Plaza Company Limited" and has been mortgaged since 18 October 2010.

3. Pursuant to Certificate of Other Interest on Building of the People's Republic of China (Document No.: X Jing Fang Ta Zheng Chao Zi Di 247200 Hao), the building ownership of the property is subject to a mortgage in favour of 大华银行有限公司 and 星展银行有限公司 to an extent of US$224,000,000 only.

4. Inspection to the property, including the exterior and portion of the interior thereof, was carried out by Mr. Franky C. H. Wong *MSc(RealEst) MCIM MRICS MHKIS RPS(GP)* on 12 November 2012. During the course of our inspection, no serious defect was noted; and the condition of the property was considered to be reasonable. Building services such as water supply, electricity and air-conditioning system were available in the property. Neither structural survey nor test on any services was made; and hence we are unable to report as to whether the

property is free from rot, infestation or other structural or non-structural defect.

5. As advised by "HK Gateway Plaza Company Limited", the use of the property does not constitute any breach of environmental regulations.

6. As advised by "HK Gateway Plaza Company Limited", there is no pending litigation, breaches of law or title defects against the property.

7. As advised by "HK Gateway Plaza Company Limited", there is no plan for construction, renovation, improvement or development of the property.

8. Our valuations derived from income capitalization method and discounted cash flow analysis are now tabulated as follows.

Income Capitalization Method	RMB5,160,000,000
Discount Cash Flow Analysis	RMB5,170,000,000

Based on the above income capitalisation method and discounted cash flow analysis, we are of the opinion that the market value of the property in its existing state as at the Valuation Date is **RMB5,165,000,000 (Renminbi Five Billion One Hundred Sixty Five Million Only)** assuming that the property is available for sale in the prevailing market with the benefit of existing tenancies; and its property title is free from all material encumbrances or defects. The market value of the property is an average of values derived by income capitalisation method and discounted cash flow analysis as at the Valuation Date.

* * * * *

INDEPENDENT PROPERTY MARKET RESEARCH REPORTS

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6 December 2012

Trustee:
DBS Trustee Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Manager:
Mapletree Greater China Commercial Trust Management Ltd.
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

Dear Sir,

As requested we have prepared a Retail and Office Market Overview for Mapletree and DBS Trustee Limited (in its capacity as trustee of Mapletree Greater China Commercial Trust). The report includes an overview of the retail and office sectors in Hong Kong and an assessment of Festival Walk in Kowloon Tong.

1.0 REGIONAL AND HONG KONG ECONOMIC OVERVIEW

1.1 Overview of the economic environment in Asia, China and Hong Kong

The Asia region[1], with a population of 3.57 billion, accounted for more than 52% of the world's population in 2011. Expansion has been led by China and India, and the region's annual real economic growth has averaged 4.8% over the past five years. In terms of individual performance, China has outperformed all other countries in the region and has recorded an annual average growth rate of 10.5% in real gross domestic product (GDP) over the past five years.

The following table details key economic indicators for the region from 2007 to 2011.

	2007	2008	2009	2010	2011
Population (million people)[2]	3,432	3,466	3,499	3,533	3,566
Real GDP growth[3] (%)	6.8	3.8	1.6	7.0	4.8
GDP per capita[4] (US$)	13,470	14,318	13,213	15,359	17,453
Share of world GDP[5] (%)	31.7	32.4	33.8	34.8	35.5
Share of world exports[6] (%)	29.6	29.3	31	33.2	32.7

Source: World Economic Outlook Database, October 2012, International Monetary Fund (IMF); World Trade Organization (WTO); Savills Research & Consultancy

[1] The Asia region comprises the 20 major industrialised countries of Asia, which are Industrial Asia including Australia, Japan and New Zealand; East Asia including China, Hong Kong SAR, Korea and Taiwan Province of China; South Asia including Bangladesh, India and Sri Lanka; and ASEAN including Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, The Philippines, Singapore, Thailand and Vietnam. Source: World Economic Outlook Database, October 2012, IMF.
[2] Figures based on population. Source: World Economic Outlook Database, October 2012, IMF.
[3] Figures compiled by averaging the 20 countries' GDP, constant prices (% change). Source: World Economic Outlook Database, October 2012, IMF.
[4] Figures compiled by averaging the 20 countries' GDP per capita, current prices (US dollar). Source: World Economic Outlook Database, October 2012, IMF.
[5] Figures compiled by the sum of the 20 countries' GDP based on purchasing power parity (PPP) share of world total (%). Source: World Economic Outlook Database, October 2012, IMF.
[6] Asia region based on "World Merchandise Exports by Region and Selected Economy, 2001–2011". Source: WTO.

China, as the second largest economy in the world contributing US$7.3 trillion[7] in GDP, has seen tremendous growth in economic activity in recent years, particularly trade and investment. This is currently being guided by the 12th Five-Year Plan (2011 to 2015), which aims to promote domestic consumption and industry which supports high value-added products and services, and investment in national transportation networks and infrastructure. After joining the WTO in 2001, China has emerged as an important global trading partner, ranking highest in terms of merchandise exports (10.4% of global exports), and second in terms of merchandised imports (9.5% of global imports), just behind the US in 2011[8].

1.1.1 Hong Kong's economic environment

Hong Kong is one of the world's most open and dynamic economies, benefiting from its strategic location on the doorstep of mainland China. Hong Kong performs an important role as a centre for international finance, trade, business and communications. The Hong Kong Stock Exchange was ranked sixth among the world's major stock markets in terms of market capitalisation at the end of September 2012 and second largest in Asia after Japan. In addition, Hong Kong raised more capital via initial public offerings in the three consecutive years from 2009 to 2011[9] than any other global stock market. In terms of merchandise trade, Hong Kong was the tenth largest trading entity in the world in 2011[10]. Per capita GDP is on par with other developed nations and stood at HK$273,657[11] (US$35,240) [12] in 2011 compared with a US figure of US$48,313[13].

In terms of the major drivers of the Hong Kong economy, the highly developed services industry contributed a significant 93.2% to Hong Kong's GDP in 2011[14], of which the import/export trade, wholesale and retail; public administration, social and personal services; finance and insurance; and real estate, professional and business services sectors accounted for approximately 69.5% of Hong Kong's GDP in 2011.

Following the introduction of the Hong Kong dollar–US dollar Convertibility Zone of 7.8 in 1983, interest rate movements in Hong Kong have essentially moved in lockstep with changes in the US Federal fund target rate. However, the interest rate structure has undergone some subtle changes over the past few years. These changes have been brought about by three major developments, including the rapid growth of mainland China, which is attracting sustained fund flows to Hong Kong's banking system; the introduction of a two-way convertibility undertaking for the Hong Kong dollar; as well as the development of a functional clearing and offshore settlement centre for renminbi in Hong Kong. Together, these factors have shaped a new landscape for interest rate policy in Hong Kong.

The weakening of the US dollar against major currencies has also helped to make Hong Kong a 'cheaper' place in the eyes of non-US–dollar zone residents, both in terms of shopping and as a place to do business. Because of the US dollar peg, the Hong Kong dollar has depreciated considerably against many major currencies in Asia Pacific since 2009, which has added to Hong Kong's price competitiveness and attracted increasing numbers of both international and regional tourists and business people.

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[7] Figures based on GDP, current prices (US dollar). Source: World Economic Outlook Database, October 2012, IMF.
[8] Source: WTO.
[9] Source: World Federation of Exchange.
[10] Source: WTO.
[11] Based on figures from "Table 030: Gross Domestic Product (GDP), Implicit Price Deflator of GDP and Per Capita GDP". Source: Census and Statistics Department.
[12] The Hong Kong dollar exchange rate was 7.7655 at year-end 2011. Source: Hong Kong Monetary Authority (HKMA).
[13] Based on figures from "Table 7.1. Selected Per Capita Product and Income Series in Current and Chained Dollars". Source: US Department of Commerce, Bureau of Economic Analysis.
[14] Based on "Table 036: Gross Domestic Product (GDP) by Economic Activity – Percentage Contribution to GDP at Basic Prices". Source: Census and Statistics Department.

Hong Kong dollar depreciation against major currencies, Jan 2009–Oct 2012

Country/territory	Change in exchange rate (%)
Australia	-38.6
South Korea	-20.9
Singapore	-19.2
Malaysia	-15.3
Thailand	-12.0
The Philippines	-11.6
Taiwan	-11.5
Japan	-11.3
China	-9.3

Source: Monthly Statistical Bulletin (November 2012 – Issue No. 219), HKMA; Savills Research & Consultancy

The Hong Kong dollar has in fact depreciated the least against the renminbi over the past three years, in the order of around 10%. Nevertheless, this discount has already induced tremendous mainland interest in acquiring Hong Kong goods and services, as well as assets, both physical and financial.

1.1.2 Hong Kong's closer integration with mainland China

Since the introduction of the mainland's open door policy in 1978, Hong Kong has developed even closer links with mainland China and this will remain a key factor in the future success of Hong Kong. In support of this, the Hong Kong government and the Central People's government reached an agreement on 18 October 2005 to further liberalise measures governing Hong Kong's trade with the mainland under the Closer Economic Partnership Arrangement (CEPA). Concessions granted under CEPA give Hong Kong companies a first-mover advantage and encourage better synchronisation in the chain of cross-boundary financial activity, goods production and distribution.

The main contribution of CEPA to trade between the two partners is that it has removed import tariffs on almost all Hong Kong-made products[15] since January 2006. From 2004 to 2011, the number of products eligible for CEPA's tariff-free treatment expanded from 273 to 1,630[16].

CEPA Supplement IX, which was signed in June 2012, provides for a total of 43 service liberalisation, and trade and investment facilitation measures. Including the measures in Supplement IX, Hong Kong and mainland China have so far announced 338 liberalisation measures across 48 service sectors, including finance, banking and accounting, freight forwarding, logistics and distribution, real estate and construction[17].

Under the Individual Visit Scheme (IVS), which was first introduced in July 2003 as a liberalisation measure under CEPA, residents of selected mainland cities may visit Hong Kong in their own capacity. The coverage of the IVS has been expanded in the past few years and is now implemented in 49 mainland cities, including approximately 270 million residents in total. According to the Hong Kong Tourism Board (HKTB), in 2011, mainland Chinese residents made more than 18.3 million trips to Hong Kong under the IVS, an increase of 2.3 times since 2005. These visitors accounted for 65.2% of all mainland visitors or 43.8% of total visitors.

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[15] Except for prohibited articles (such as used or waste electrical machinery and medical/surgical products, chemical residues, municipal waste, tiger bones and rhinoceros horns).

[16] Source: Hong Kong Trade Department research "CEPA Supplement VIII Measures (Summary) – Opportunities for Hong Kong" February 2012.

[17] Source: Trade and Industry Department press release "Supplement IX to CEPA boosts access to Mainland market for Hong Kong service industries" 29 June 2012.

The Pearl River Delta (PRD)[18] region has now become one of the leading global sources for a wide range of light-manufactured goods and one of the leading locations for the manufacture and assembly of high-tech electronic products. The further development of this economy will require the investment, management, market knowledge, technology and international connections available through Hong Kong.

The Framework Agreement on Hong Kong and Guangdong Co-operation, which was signed in April 2010, was first established in the Outline of the Plan for the Reform and Development of the Pearl River Delta (2008 to 2020), released in December 2008 to strengthen the economic co-operation between Hong Kong and Guangdong as part of China's national policy.

With support from China's State Council, Shenzhen's Qianhai area is being positioned as a special zone to lead a modern and advanced services cluster in the PRD region. Qianhai area is also being developed into an experimental financial zone, much like Pudong in Shanghai, which is expected to prove mutually beneficial to both China and Hong Kong by enhancing complementarities as well as enhancing co-operation in regard to legal affairs, education, medical care and telecommunications.

1.1.3 International comparisons

In terms of economic strength and competitiveness, Hong Kong is highly ranked compared with other countries in the world, and in 2011, Hong Kong's GDP per capita stood at $49,417[19] (current international dollars, adjusted for PPP), ranking it ahead of the US, the UK and Japan. According to the United Nations' Human Development Report 2011, Hong Kong was categorised as a "Very High Human Development" region, enjoying high life expectancy, and high levels of education and income. Hong Kong was ranked 13th worldwide, with the second highest human development index in Asia after Japan.

The Heritage Foundation[20] regularly ranks countries based on ten criteria on a scale of 0 to 100 (100 represents the highest degree of freedom). Hong Kong was ranked the freest economy among 179 economies in 2012 – the world's freest economy for the 18th consecutive year since the index was first published in 1995.

Hong Kong scores well in the World Competitiveness Scoreboard[21], compiled by the Swiss-based International Institute for Management and Development (IMD). In 2012, Hong Kong was ranked the most competitive economy, with the US ranked second, and Switzerland and Singapore ranked third and fourth respectively.

1.2 Hong Kong's key economic and demographic indicators

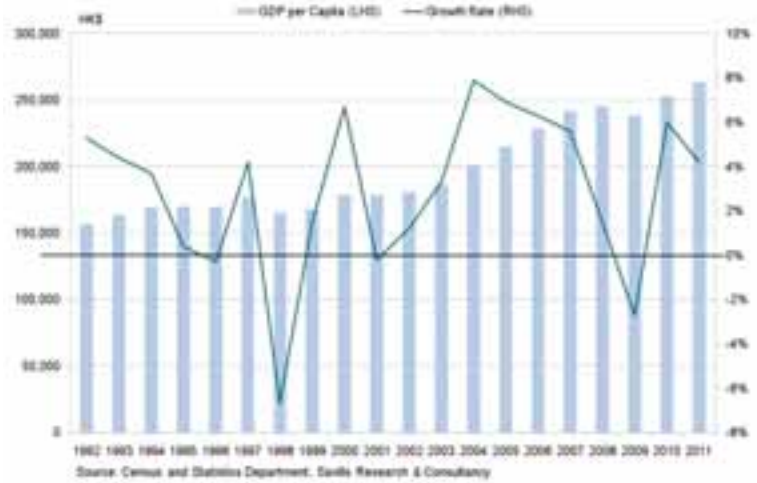
Hong Kong's economy has seen strong growth since the economic downturn which occurred during the severe acute respiratory syndrome (SARS) crisis in 2003, with the closer integration of mainland China, and flourishing financial and trading sectors inducing average real GDP growth of 6.5% per annum from 2003 to 2007. Nevertheless, the global economic slowdown, as a result of the sub-prime mortgage crisis in 2009, has adversely affected the local economy, and as such real GDP growth slowed significantly to 2.1% in 2008, and recorded a decline of 2.5% in 2009, the first annual decline in quarterly GDP since the Asian financial crisis in 1998. The economy rebounded quickly thereafter, partly as a result of quantitative easing measures introduced by many global economies, particularly mainland China, with GDP registering a staggering 6.8% growth in 2010, followed by a healthy 4.9% growth in 2011. However,

[18] Refers to the PRD Economic Zone comprising Dongguan, Foshan, Guangzhou, Huizhou, Jiangmen, Shenzhen, Zhaoqing, Zhongshan and Zhuhai. Also referred to as the 'Greater PRD' if Hong Kong and Macau are included.
[19] GDP based on PPP per capita GDP (current international dollar). Source: World Economic Outlook Database, October 2012, IMF.
[20] Based on the 2012 Index of Economic Freedom, The Heritage Foundation.
[21] Based on World Competitiveness Yearbook 2012, IMD.

the export market is now weakening due to the deteriorating euro sovereign debt problem and the slowing pace of economic growth in the US. With uncertain external demand, GDP growth has softened to 1.0% in the first three quarters of 2012.

Hong Kong real GDP and growth rate, 1992–Q3/2012

Hong Kong GDP per capita, 1992–2011



Benefiting from closer integration with the mainland, the import/export trade sector plays an important role in Hong Kong's economy, contributing 19.6% of GDP in 2010[22]. The economy remains robust, with imports and total exports in 2011 increasing by 11.9% and 10.1% year-on-year respectively. Re-exports are the main driver of sustainable growth in total exports, especially since the mainland acts as the key recipient of Hong Kong's re-export merchandise, absorbing 52.5% of all re-exports in 2011.

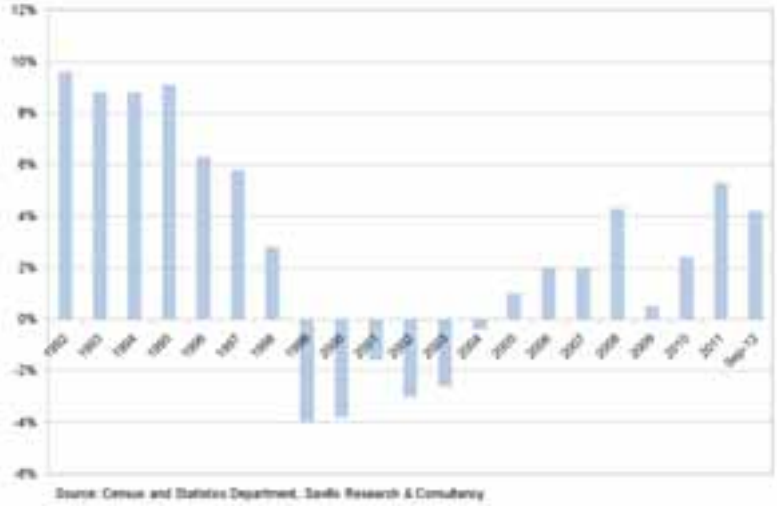
Hong Kong's prolonged period of deflation came to an end in mid-2004 as a result of improving economic conditions, strong consumer demand and higher import prices, and inflation rates have

[22] Based on "Table 036: Gross Domestic Product (GDP) by Economic Activity – Percentage Contribution to GDP at Basic Prices". Source: Census and Statistics Department.

remained positive since, with the exception of a brief decline in January 2005. The composite consumer price index (CPI) recorded an increase of 2.0% in 2007 and 4.3% in 2008. Inflation reverted to negative territory from June to September 2009, mainly due to receding price pressures as the economy adjusted downwards, as well as some one-off government relief measures. The Composite CPI increased again, due to the booming economy, to register 0.5%, 2.4% and 5.3% growth in 2009, 2010 and 2011 respectively.

Inflationary pressure continued to increase during the first nine months of 2012, with the composite CPI climbing by 4.2% over the period, mainly due to external (imported inflation due to escalating global food and commodity prices) and internal (the feed-through effect of higher residential rents and the one-off effect of the statutory minimum wage) factors.

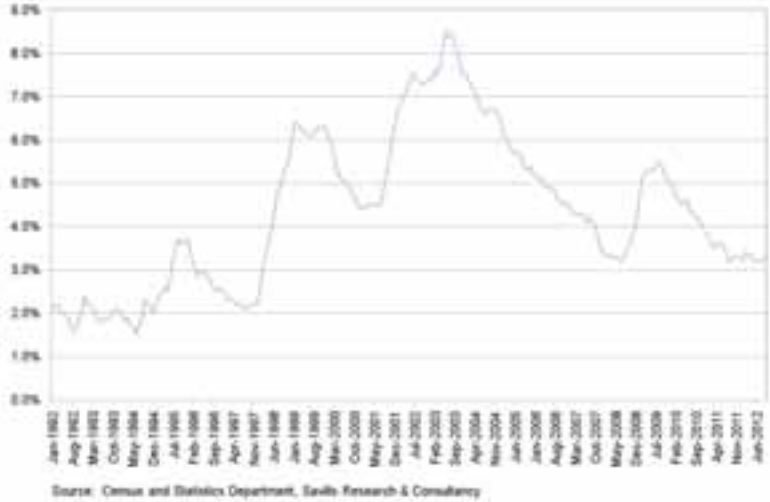
Hong Kong inflation, 1992–Sep 2012



The seasonally-adjusted unemployment rate increased from a ten-year low of 3.2% for the three months ending in August 2008, to 5.5% for the three months ending in August 2009, reflecting the rapid deterioration of the employment situation as the global economy declined. The employment situation has since improved considerably with the swift economic recovery, and the unemployment rate gradually fell from a peak of 5.5% in the three months ending in August 2009 to 3.3% for the three months ending in September 2012, a new low since the Asian financial crisis of 1998, and a level signifying virtually total employment and strong local demand for labour.

Nevertheless, downside risks in the external environment could cause companies to adopt a more cautious stance when hiring, and growth in domestic demand has been sluggish over recent months. There may therefore be some upward pressure on the unemployment rate over the next few months.

Hong Kong unemployment rate, 1992–Sep 2012



1.2.1 Economic forecast

The global economic outlook is a more moderate growth in 2012. The latest data suggests that the US economy is maintaining moderate economic growth and a relatively high unemployment rate after introducing expansionary monetary policies in 2009. In the eurozone, countries with high debt levels are struggling and are undertaking cuts to their government budgets in order to reduce the debt burden. While the mainland economy is displaying relatively strong fundamentals, a lack of export orders and sluggish domestic consumption expenditure may act to slow growth next year.

Locally, consumer spending can be expected to hold stable in 2012, with the low jobless rate, steady wage growth and tourist spending all supporting retail consumption. In addition, the development of new business areas, the government's intention to increase land, and thus apartment, supply, and the implementation of a comprehensive infrastructure programme[23] over the next few years will advance demand for fixed investments.

GDP growth has averaged around 4.6% per annum over the past ten years from 2002 and 2011[24]. Facing an uncertain economic situation, a below-average ten-year growth rate of 1.8% is expected in 2012[25]. Long-term real GDP growth is forecast to remain moderate, averaging approximately 4.2% per annum from 2013 to 2017[26].

Given sufficient market liquidity, along with the US dollar peg and a weaker Hong Kong dollar against the renminbi, upward pressure is expected on prices over the next few years. Inflation is therefore projected to average 3% per annum over the five-year period from 2013 to 2017[27].

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[23] The 2007–2008 Policy Address announced ten major infrastructure projects to promote economic development in Hong Kong and create employment opportunities. The ten major infrastructure projects include the South Island Line (rail), Sha Tin–Central Link (rail), Tuen Mun–Chek Lap Kok Link and Tuen Mun Western Bypass, the Hong Kong section of the Guangzhou–Shenzhen–Hong Kong Express Rail Link, Hong Kong–Zhuhai–Macau Bridge, a rail connection between the Hong Kong and Shenzhen airports, Lok Ma Chau Loop, West Kowloon Cultural District, Kai Tak Development, as well as North East New Territories (NENT) New Development Areas (NDAs) and Hung Shui Kiu NDA. Source: 2007–2008 Policy Address, HKSAR Government.

[24] Source: World Economic Outlook Database, October 2012, IMF.

[25] Source: World Economic Outlook Database, October 2012, IMF.

[26] Source: World Economic Outlook Database, October 2012, IMF.

[27] Source: World Economic Outlook Database, October 2012, IMF.

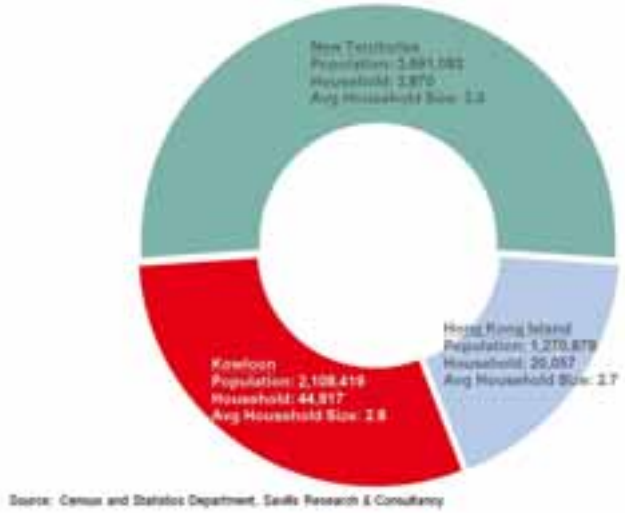
1.2.2 *Hong Kong's resident population*

At the end of 2011[28] there were a total of 7.07 million residents in Hong Kong. The working population stood at around 3.55 million, representing approximately 50% of the total population. Recently, population growth has rebounded slightly, with an average annual growth rate of 0.6% recorded over the five-year period from 2006 to 2011, compared with 0.4% and 0.9% from 2001 to 2006 and from 1996 to 2001 respectively.

The majority of the population[29] live in the New Territories, with approximately 3.7 million people and 1.2 million households in the district, followed by 2.1 million people and 0.7 million households in Kowloon. The average household size[30] on Hong Kong Island and in Kowloon stood at 2.7 persons and 2.8 persons respectively, while a household size of 3 persons was recorded for the New Territories.

The population density (including the marine population) in Hong Kong stood at 6,405 people per sq km in 2011[31]. In terms of District Council Districts, Kwun Tong is the most densely populated district with 55,204 people per sq km[32].

Hong Kong population, number of households and average household size by district, 2011



Hong Kong has a high concentration of middle-aged residents. According to the 2011 Population Census, around 34.3% of the territory's population is aged 35 to 54 years old. The 35- to 44-year-old age group represented the highest proportion of the Hong Kong population at 18.2% in 2011.

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[28] Based on "Population and Average Annual Growth Rate, 1981–2011 (A102)". Source: 2011 Population Census, Census and Statistics Department.

[29] Based on "Population by District Council District, 2001, 2006 and 2011 (A201)". Source: 2011 Population Census, Census and Statistics Department.

[30] Based on "Number of Domestic Households and Average Domestic Household Size by District Council District, 2001, 2006 and 2011 (D201)". Source: 2011 Population Census, Census and Statistics Department.

[31] Figures compiled using the overall population divided by Hong Kong's land area (1,104 sq km). Source: Hong Kong Population Projections, 2012–2041 and Hong Kong Annual Digest 2011, Census and Statistics Department.

[32] Based on "Population Density by District Council District, 2001, 2006 and 2011 (A202)". Source: 2011 Population Census, Census and Statistics Department.

Hong Kong suffers from gender imbalance which has worsened since 2001. The female population accounted for 53.3% of Hong Kong's total population in 2011, compared with 51.3% in 2001[33]. The sex ratio has fallen from 960 males per 1,000 females in 2001 to 876 males per 1,000 females in 2011[34].

1.2.3 Population projections

The population of Hong Kong is projected to increase from 7.07 million in mid-2011 to 7.37 million in mid-2016, while following an ageing trend[35]. The proportion of people aged 65 and above is projected to rise from 13% in mid-2011 to 16% in mid-2016, while the proportion of those aged under 15 is projected to decrease from 12% to 11% over the same period. As a result, the median age is projected to rise from 41.7 years in 2011 to 43.4 years in 2016. With the continuous growth of the population, the overall population density (including the marine population) will increase from 6,405 people per sq km in mid-2011 to 6,676 people per sq km in mid-2016[36].

According to the report "Projections of Population Distribution, 2010–2019" by the Planning Department published in December 2010, the projected population[37] of the New Territories and Kowloon will reach 4.02 million and 2.32 million respectively in 2016, while that of Hong Kong Island is expected to reach 1.32 million during the same period.

2.0 HONG KONG RETAIL MARKET OVERVIEW

2.1 Overview of the Hong Kong retail market

2.1.1 Retail formats

The Hong Kong retail market comprises several retail formats, including department stores, supermarkets and various specialty chains. Many leading global retailers, for example Louis Vuitton, Giorgio Armani, Cartier, Abercrombie & Fitch, GAP, IKEA and Toys "R" Us can be found in the territory, making Hong Kong a major retail centre in Asia.

- ***Department stores*** are a major retail format and, with their variety of commodity goods, attract both local residents and tourists. Major operators of department stores include international as well as local retailers.

- ***Supermarkets*** typically supply food, beverages and daily necessities to the general public at reasonable prices in a convenient shopping environment, and thus appeal mostly to local customers. Total retail sales and receipts in relation to supermarkets amounted to HK$41,717 million in 2011. Three major players, namely Park'nShop (over 260 shops in Hong Kong and Macau), Wellcome (over 270 shops in Hong Kong) and CR Vanguard (over 100 shops in Hong Kong), dominate the local supermarket sector.

- ***Convenience stores***, when compared with supermarkets, are small street shops which normally focus on the sale of food, and which residents can access easily. The convenience-store market is highly concentrated and is dominated by three operators,

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[33] Figures compiled from "Population by Sex and Age, 2001, 2006 and 2011 (A103)". Source: 2011 Population Census, Census and Statistics Department.
[34] Based on "Sex Ratios by Age Group, 2001, 2006 and 2011 (A113)". Source: 2011 Population Census, Census and Statistics Department.
[35] Source: Hong Kong Population Projections, 2012–2041, Census and Statistics Department.
[36] Figures compiled using the overall population divided by Hong Kong's land area (1,104 sq km). Source: Hong Kong Population Projections, 2012–2041 and Hong Kong Annual Digest 2011, Census and Statistics Department.
[37] Based on "Table 1: Projected Hong Kong Resident Population by District Council District, 2010–2019". Source: Projects of Population Distribution, 2010–2019, Census and Statistics Department.

namely 7-Eleven, Circle K and VanGo, who together account for most convenience-store business across the territory.

- ***Specialty chain stores*** specialise in the sale of certain types of goods such as health and beauty products, fashion goods and accessories, electronic products, and jewellery and gold. Specialty chains generally focus on the sale of leisure/durable products rather than necessity-type goods.

- ***Restaurants and eateries*** in Hong Kong offer many different cuisines such as Chinese, American, European, Japanese and Southeast Asian. The restaurant market is highly segregated but there are some chain operators, such as the Maxim's Group, the King Parrot Group and the Cafe Deco Group.

- ***Fast-food stores*** provide people with a convenient place to eat in a relatively short time period. The fast-food market is extremely diversified in the variety of foods which are provided. Nevertheless, there exist a handful of fast-food chains in Hong Kong, including Café de Coral, Maxim's, Fairwood, McDonald's and KFC, among others.

Top 20 malls in Hong Kong by approximate gross area*

Property Name	District	Region	Approximate gross area (sq ft)	Ranking
Harbour City	Tsimshatsui	Kowloon	1,948,000	1
Wonderful Worlds of Whampoa	Hunghom	Kowloon	1,713,990	2
New Town Plaza I & III	Shatin	New Territories	1,650,000	3
Metro City 1& 2 & 3	Tseung Kwan O	New Territories	1,412,692	4
MegaBox	Kowloon Bay	Kowloon	1,145,537	5
Cityplaza, Taikoo	Quarry Bay	Hong Kong Island	1,105,227	6
Tuen Mun Town Plaza	Tuen Mun	New Territories	1,010,888	7
Elements	Kowloon Station	Kowloon	1,000,000	8
Festival Walk	Kowloon Tong	Kowloon	980,089	9
Times Square	Causeway Bay	Hong Kong Island	936,000	10
Telford Plaza	Kowloon Bay	Kowloon	922,000	11
EMax, HITEC	Kowloon Bay	Kowloon	900,000	12
Dragon Centre	Cheung Sha Wan	Kowloon	840,000	13
IFC Mall	Central	Hong Kong Island	800,000	14
Grand Century Place	Mongkok	Kowloon	725,000	15
Pacific Place	Admiralty	Hong Kong Island	711,182	16
Olympian City 1, 2, 3	Tai Kok Tsui	Kowloon	710,641	17
Sunshine City Plaza	Ma On Shan	New Territories	690,701	18
Metro Plaza	Kwai Chung	New Territories	600,000	19
APM - Millennium City 5	Kwun Tong	Kowloon	598,000	20

Source: Annual reports, company website, mall websites, Mapletree Hong Kong Management Limited, MTR website
* The figures are not strictly comparable as there is no official definition of gross area.

2.1.2 *Retail centre hierarchy*

A basic hierarchy of retail centres can be defined by size, catchments, range of operators and the availability of other attractions and facilities.

Territorial centre	Catering to both tourists and the local (territory-wide) population, territorial centres usually comprise part of a larger mixed-use scheme or cluster of commercial and/or residential properties. They may also provide territory-wide entertainment venues and have a significant amount of commercial floor space provision. Examples include IFC Mall in Central, Pacific Place in Admiralty and Festival Walk in Kowloon Tong, all located above major public transport interchanges. Territorial centres are generally over 90,000 sq m in area.
Regional centre	Serving population catchments of between 250,000 and 1,000,000 people and varying between 40,000 sq m and 90,000 sq m in size are the regional centres. These are usually located in larger new towns and major suburban areas. Examples include Telford Plaza in Kowloon Bay and Tuen Mun Town Plaza in Tuen Mun.
District centre	District centres provide a broader range of goods than neighbourhood centres (described below), typically mixing necessities with comparison goods and community services, as well as offering a wider range of F&B options and entertainment. District centres are typically 9,000 sq m to 40,000 sq m in size and serve predominantly individual districts. Proximity to transport is important, especially buses, taxis and private cars, as well as Mass Transit Railway (MTR) or light rail stations.
Neighbourhood centre	Neighbourhood centres are sustained by neighbourhood catchments whose residents purchase daily shopping items (provided by supermarkets, local restaurants, “mom and pop” stores, fast-food outlets, convenience stores, stationers, etc) and have community services such as pre-school education, specialised tuition or religious foundations in the local centres. Most neighbourhood centres are less than 9,000 sq m.

2.1.3 *Retail hierarchy by district*

The retail hierarchy of Hong Kong has evolved to meet the growing needs of both local residents and tourists. Major shopping districts include Central and Causeway Bay on Hong Kong Island, and Tsim Sha Tsui and Mong Kok in Kowloon. Each has a slightly different focus. Central (Hong Kong’s central business district (CBD) and centre of government) is targeted at high-end retailers and wealthy locals (as well as overseas visitors); Causeway Bay tends to attract younger local residents, as well as tourists, and includes a number of Japanese outlets; Tsim Sha Tsui has a concentration of hotels and guesthouses of all grades, and a significant tourist catchment as a result; and Mong Kok comprises local markets selling inexpensive fashion goods, accessories and household items, and attracts mostly younger local residents and tourists.

2.1.4 *Competitive landscape*

The key strength of Hong Kong’s retail sector is in the provision of first-class retail infrastructure, with a large number of high-end commercial buildings and shopping malls, offering a very convenient and visible shopping environment. Many of the world's leading retailers can be found in Hong Kong; most of them have established their local or Asia regional offices in the territory to

expand their retail presence and capture the growing opportunities in the region, particularly in mainland China.

2.2 Factors affecting the retail market in Hong Kong

2.2.1 Tourism

Hong Kong has long been a major international tourist destination, and tourism plays a vital role in the local economy. The territory welcomed more than 41.9 million tourists in 2011 and total expenditure related to tourists stood at over HK$253.0 billion, with the average per capita spending of overnight visitors growing by 11.0% to HK$7,470 over the same period. Growing tourist arrival numbers have led to more opportunities for retailers in Hong Kong, and visitor spending has played an increasingly significant role in supporting the retail market.

Mainland Chinese visitors are the major source of visitor arrivals (67.0% of total arrivals in 2011), and their spending patterns have had a notable impact on the performance and development of the local retail industry, with luxury goods retailers in particular targeting this fast-growing consumer base.

The impact of tourist expenditure on Hong Kong's retail sales will be discussed in a later section.

2.2.2 Climate

Hong Kong's climate is subtropical, tending towards temperate, for nearly half the year, with average mean daily temperatures ranging from 21.4°C to 25.6°C from 1981 to 2010[38]. Severe weather phenomena such as tropical cyclones, monsoon winds and thunderstorms affect Hong Kong occasionally. The generally mild climate makes both indoor and outdoor shopping a year-round activity.

Attributed to both global warming and localised urbanisation, the annual mean temperature in Hong Kong has risen at a rate of 0.23°C per decade from 1982 to 2011. This temperature trend to relatively warmer weather should increase the appeal of centre-form retailing.

2.2.3 Infrastructure

Hong Kong's extensive rail network, besides providing a vital link between communities, is also a popular choice for the location for retail centres. Of Hong Kong's ten largest shopping centres, for example, six are located directly above or beside stations on the MTR network.

Examples of major retail centres above or beside MTR stations

Centre	Station	Approximate floor area (sq ft gross)
IFC Mall	Central/Hong Kong	800,000
Elements	Kowloon	1,000,000
Pacific Place	Admiralty	711,182
Times Square	Causeway Bay	936,000
Cityplaza	Taikoo	1,105,227
Festival Walk	Kowloon Tong	980,089
Grand Century Place	Mong Kok	725,000

[38] Source: Hong Kong Observatory.

Centre	Station	Approximate floor area (sq ft gross)
APM	Kwun Tong	598,000
New Town Plaza, Phases I and III	Sha Tin	1,650,000

Source: Company reports, Savills Research & Consultancy

2.3 Retail sales performance

2.3.1 Total retail and restaurant sales

Retail sales have grown strongly over the past few years thanks to the robust local economy, which has encouraged local spending, as well as the growing dominance of mainland visitors who spend heavily on shopping. Despite a small dip towards the end of 2008 and early 2009 when the global crisis dampened spending, retail sales registered growth of 10.6%, 0.6% and 18.3% in 2008, 2009 and 2010 respectively. Although the euro debt crisis and global economic uncertainties clouded the local economy from mid-2011 onwards, the retail sector, well supported by both local and tourist spending, was relatively unscathed and saw another 24.8% growth in 2011.

More uncertainty in both the global and China economies was witnessed in 2012, and the local retail market finally responded to these adverse conditions with a moderate growth rate of 10.6% year-on-year in retail sales over the first nine months of the year. The main factor behind the slowing growth is the luxury products sector typically favoured by mainland tourists, details of which will be explained in a later section.

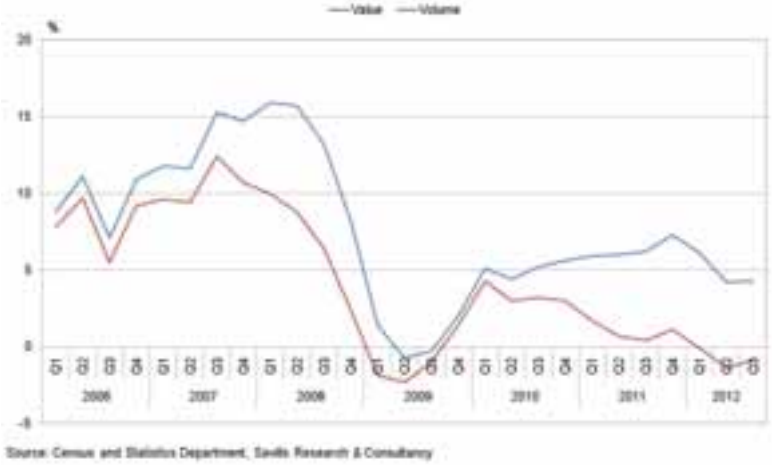
Retail sales value, Jan 2006–Sep 2012

Restaurant receipts followed a similar pattern, as retail sales growth of 13.1%, 0.6% and 5.1% was recorded in 2008, 2009 and 2010 respectively. Robust local demand has been the key driver of the F&B sector, and rising incomes and favourable employment conditions contributed to more generous spending on F&B in 2011, when a 6.4% increase was recorded over the period.

The first nine months of 2012 also saw the F&B sector affected by the local economic slowdown, with restaurant receipts slowing to a 4.9% growth over the period. Among the different types of restaurants, fast-food shops registered the highest growth of 8.5% from

January to September 2012, the only category recording a higher rate of growth than the same period in 2011.

YoY change in restaurant receipt values and volume indices, Q1/2006–Q3/2012



2.3.2 *Retail sales by trade category*

In terms of trade category, the best performing subsector last year was jewellery, watches and clocks, and valuable gifts, which recorded an astonishing 50.9% increase in the first nine months of 2011. However, the subsector only recorded a 7.8% year-on-year growth over the same period of 2012, reflecting slower mainland buying. Clothing, footwear and allied products, another favourite item among mainland visitors, also registered a moderate 8.7% growth over the same period. Strong local spending was still evident with both consumer durable goods and supermarket spending registering the highest growth in the first nine months of 2012 at 21.4% and 11.3% respectively.

Percentage change in retail sales by category, Jan–Sep 2012 vs Jan–Sep 2011

Trade category	% change
Food, alcoholic drinks and tobacco	**+4.2**
Supermarket spending	**+11.3**
Fuel	**+4.4**
Clothing, footwear and allied products	**+8.7**
Consumer durable goods	**+21.4**
- Motor vehicles and parts	*+8.9*
- Electrical goods and photographic equipment	*+23.6*
- Furniture and fixtures	*-3.4*
- Other consumer durable goods, not elsewhere classified	*+62.7*
Department stores	**+9.8**
Jewellery, watches and clocks, and valuable gifts	**+7.8**
Other consumer goods	**+9.7**

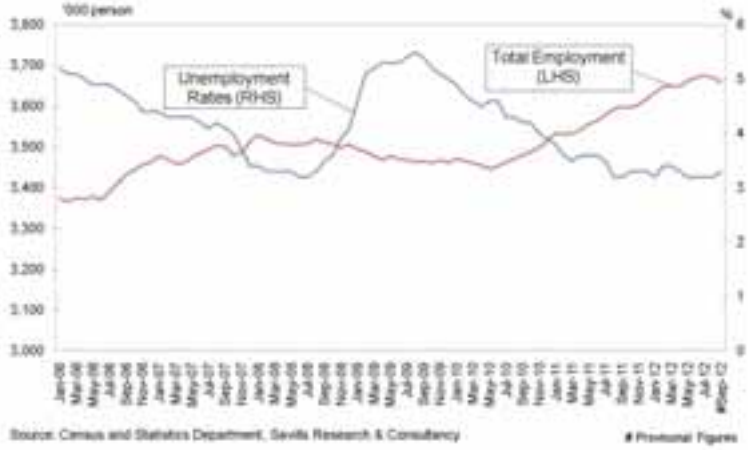
Source: Census and Statistics Department, Savills Research & Consultancy

2.4 Changes in income, savings ratios and retail spending

2.4.1 Employment

In June 2012, the working population of Hong Kong stood at around 3.67 million, representing 51% of the total resident population. The unemployment rate (seasonally adjusted) in Hong Kong fell to 3.3%[39] for the three months ending in September 2012, the lowest since the outbreak of the global financial crisis in late 2008. This is in contrast to an historical high of 8.6% recorded for the three months ending in June 2003.

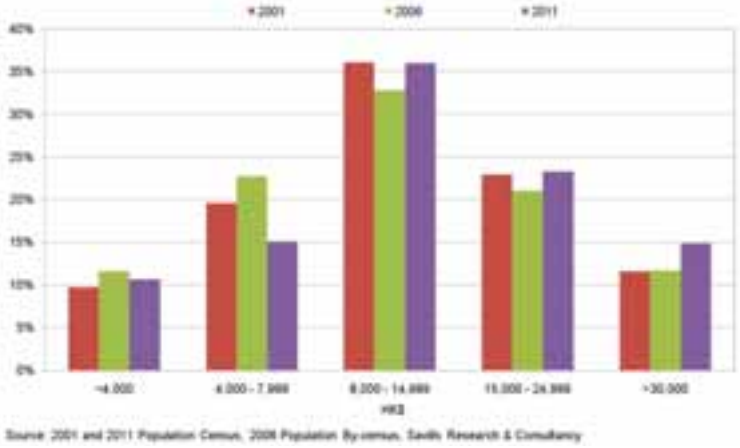
Unemployment rates and total employment, Nov 1996–Sep 2012



2.4.2 Income and earnings

A large proportion of the working population (36.0%) earned between HK$8,000 and HK$14,999 per month in 2011, close to the working population's median monthly employment earnings of HK$12,000 over the same period. The percentage of employed people earning HK$10,000 or more per month stood at 60.1% in 2011.

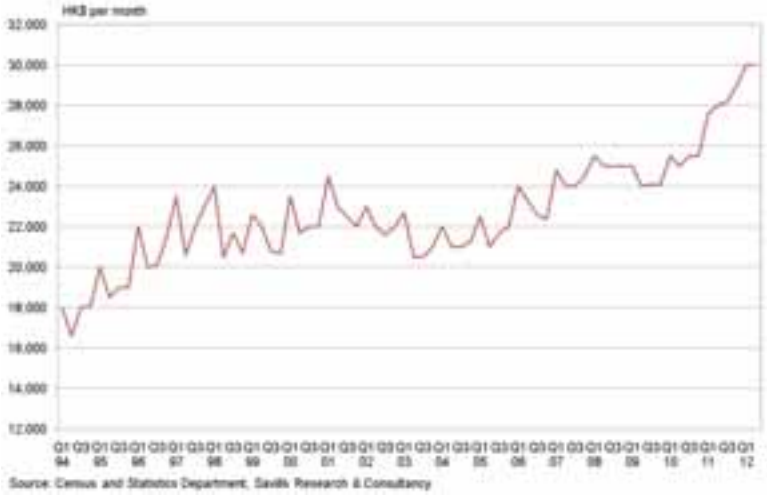
Percentage of employed people by employment earnings, 2001, 2006 and 2011



[39] Provisional figure. Source: Census and Statistics Department.

Private median monthly household income is the primary measure of the incomes of the Hong Kong population living in private housing estates. The previous peak was recorded in Q1/2008, with the median income reaching HK$25,500 per month, but the subsequent global crisis has caused a dip in income to HK$24,000 per month. The following economic recovery, which led to record low unemployment rates, exerted upward pressure on private incomes, which rose to HK$30,000 per month in Q2/2012, a new high since 1994. These higher income levels are inevitably prompting more domestic retail spending.

Median monthly household income, Q1/1994–Q2/2012



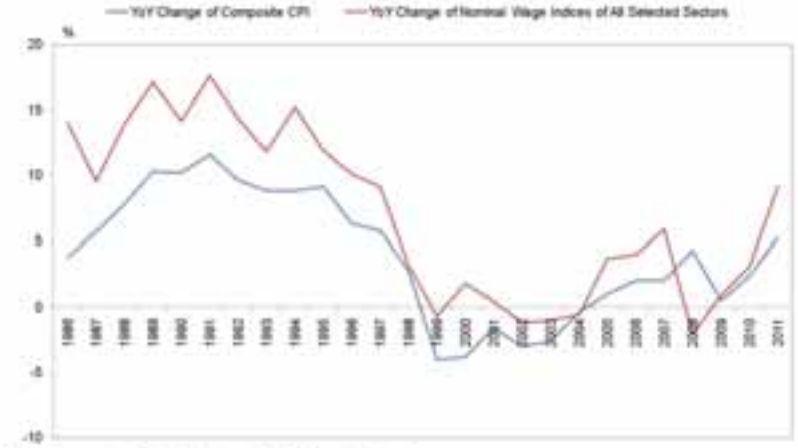
2.4.3 Retail spending

Similar to total retail sales, total sales per capita[40] is driven by income levels as well as broader consumer confidence. After declining by 27% from the 1997 peak to 2003, total sales per capita rebounded strongly by 52.4% from 2004 to 2008, and stood at HK$39,143 per person in 2008. The global financial crisis stalled rather than reduced this figure, with sales per capita remaining static in 2009. Once retail sentiment and mainland spending picked-up again in 2010, retail sales per capita rose by 45.5% from 2010 to 2011 to stand at HK$57,080 per person.

Wage levels in Hong Kong have shown a slightly higher increment than price inflation which suggests increased purchasing power. After negative growth for three years from 2002 to 2004, wage growth returned to positive territory in 2005 on the back of robust economic growth, and continued through to 2008, when the global financial crisis hit and wage growth reverted to negative territory registering a fall of -2.1%. Quantitative easing helped the local economy recover and benefited a wide range of employees, with the average wage rate of all selected major sectors stabilising in 2009 before rebounding by 3.1% and 9.1% in nominal terms in 2010 and 2011 respectively.

[40] Inclusive of total retail sales and total restaurant receipts.

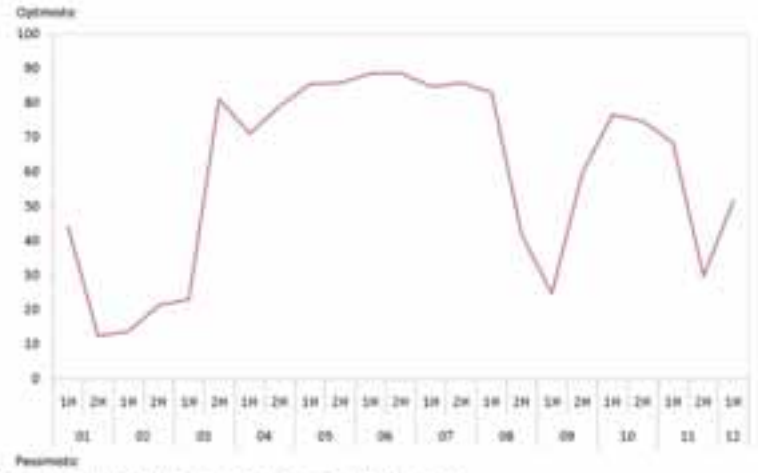
YoY change in consumer price and nominal wage indices, 1992–2011



Source: Census and Statistics Department, Savills Research & Consultancy

Supported by growing incomes and better employment prospects due to the closer integration with China, and the robust financial sector performance, consumer confidence in Hong Kong rebounded strongly from its historical low (12.5) in 2H/2001, reaching an historical high of 88.8 in 2H/2006, representing almost a six-fold increase. Consumers remained confident of future prospects, with the index hovering above 80 over the next two years until the global financial crisis hit the local economy hard and consumer confidence dropped to a recent low of 24.7 in 1H/2009, before rebounding swiftly in subsequent quarters due to an abundance of global credit. The euro debt crisis and macro controls in China in the second half of 2011 again dampened consumer confidence, but consumers became more optimistic (51.8) in the first half of 2012, given reviving stock and housing markets, as well as credit loosening in China.

MasterIndex of Consumer Confidence (Hong Kong), 1H/2001–1H/2012



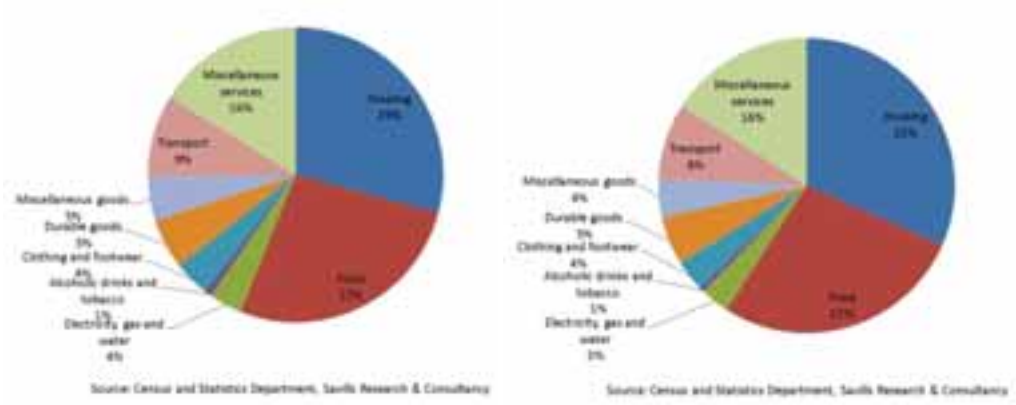
Source: MasterIndex of Consumer Confidence, Savills Research & Consultancy

2.5 Consumer behaviour and preferences in Hong Kong

Hong Kong, as an international financial services centre, is a cosmopolitan city with a mix of eastern and western influences. Since Hong Kong is a highly dense urban territory, shopping is one of the most popular leisure activities for both local residents and visitors. Hong Kong consumers are widely known to follow the latest trends in technology, lifestyle and fashion. The local consumer base has a diverse range of preferences, with strong demand for frequent, new, and exciting styles and designs.

The consumption pattern of the average Hong Kong household has remained broadly the same from 2004/2005 to 2009/2010, with 30% of expenditure spent on comparison goods and services, and the remainder on necessity items (housing, food, transport, electricity, gas and water). Of the 30% leisure spending, around half was spent on services and the rest on various shopping items in 2009/2010.

Household expenditure by commodity/service section, 2004/2005 vs 2009/2010



Source: 2004/2005 and 2009/2010 Household Expenditure Survey, Savills Research & Consultancy

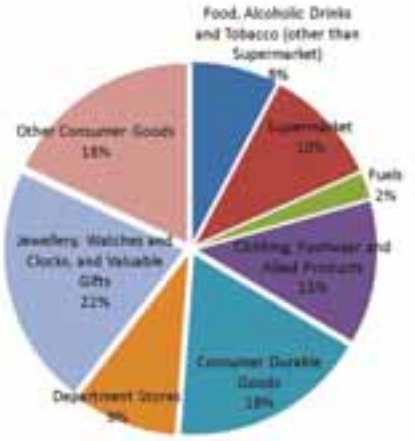
2.6 Retail sales performance

2.6.1 Retail sales by category

Looking at a breakdown of the figures for the first nine months of 2012, three major retail categories stand out, namely jewellery, watches and clocks, and valuable gifts (22%); consumer durable goods (18%); and other consumer goods[41] (18%), and the three categories took almost a 60% share of retail sales over the period. While jewellery and watches were still favoured by mainland tourists, consumer goods attracted a much wider spectrum of customers.

[41] According to the Census and Statistics Department, "other consumer goods" refers to retail outlets selling records and recording tapes, handbags and luggage, sports goods, toys, household linen, carpets and rugs, blinds and curtains, cooking and kitchen utensils other than electrical, earthenware and glassware, hardware and metalware, flowers and plants and other consumer goods not elsewhere classified.

Retail sales by category, Jan–Sep 2012

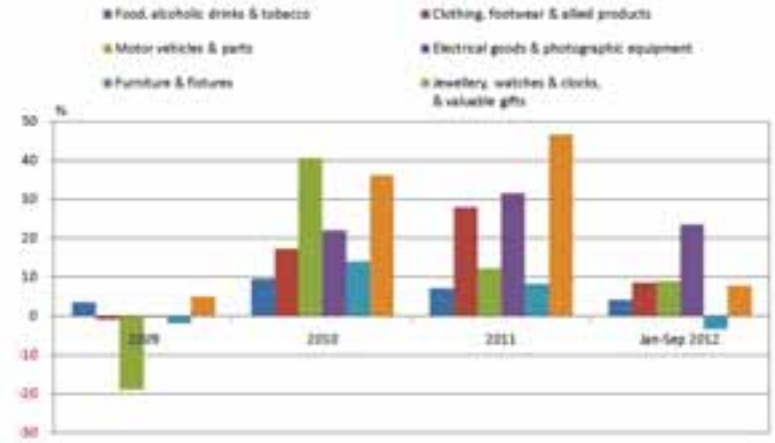


Source: Census and Statistics Department, Savills Research & Consultancy

The above figures give a broad picture of the performance of the retail market as a whole. However, variances in the sales performances of different types of stores have been noted.

The strong retail spending of mainland tourists on luxury items was reflected in the healthy growth in their favoured items: jewellery, watches and clocks, and valuable gifts; clothing, footwear and allied products; as well as electrical goods and photographic equipment all recorded 20%+ growth in 2010 and 2011. In 2012, however, hit by a slowing China economy and the aftermath of credit tightening back in 2011, mainland tourist spending slowed considerably with the first two sectors seeing sales growth slow to single digits (7.8% and 8.7% respectively) over the first nine months of 2012, while electronic products remained popular among locals and registered another 23.6% growth over the same period.

Average change in retail values (selected categories), 2009–Jan to Sep 2012



Source: Census and Statistics Department, Savills Research & Consultancy

2.7 Future/emerging retail trends and key drivers in Hong Kong's retail market

2.7.1 Changing retail formats

One of the leading supermarket players, Park'n'Shop, introduced the concept of superstores to Hong Kong in the late 1990s and received a positive response from customers. This led to other operators such as Wellcome and CR Vanguard adopting the format for their own chains. The idea of one-stop shops stocking both dry and wet goods, combined with reasonable prices, is one that has been widely accepted in the Hong Kong retail market. The number of superstores continued to increase to over 60 in 2006.

A more recent trend is the increasing presence of international retailers in the local retail scene looking for flagship stores, typically of over 10,000 sq ft and located on either prime streets or in prime shopping centres, to boost sales as well as brand image among both locals and tourists, especially those from mainland China. Recent openings of flagship stores include Apple (IFC Mall, Central and Festival Walk, Kowloon Tong), Abercrombie & Fitch (Pedder Building, Central), Forever 21 (Capitol Centre, Causeway Bay) and Eslite Bookstore (Hysan Place, Causeway Bay).

2.7.2 Emerging trends in shopping centre development

The development of shopping centres in Hong Kong has been influenced by population growth and its distribution, which has in turn relied heavily on the provision of transport infrastructure across the territory as previously discussed (section 1.2.1, footnote 23). From largely meeting requirements for daily necessities, centres today cater for a much broader range of needs and interests, and aim to appeal to a much wider range of age groups and lifestyles. Entertainment has become an important feature of many malls and popular formats include ice-skating rinks, cinemas and themed restaurants. Ownership patterns of major centres have changed little over the past decade and are still dominated by large developers. More recently, however, institutional investors of various types have penetrated the market, including investment funds as well as REITs.

Shopping centres have grown in scale over the past two decades, and from strip-mall formats in the early years, the retail hierarchy is now dominated by centres with a GFA[42] of over 100,000 sq ft located on or near key transport links, usually rail lines. Larger centres today provide developers with management and construction economies, the ability to offer a wider choice of trades and tenants, a more controlled environment, and access to a larger catchment. Such centres are often a major component of a comprehensive development scheme comprising residential and commercial uses. In 1990, there were 45 centres with a GFA over 100,000 sq ft. By 2012, there were 191 such centres, with the highest proportion (91 or 48%) located in the New Territories.

As newer, larger malls have increased in number, older centres have faced greater competition and have needed to renovate or reposition in order to remain attractive. Asset-enhancement strategies have included making physical changes to increase circulation, such as improving vertical transportation or reconfiguring entry and exit points. Visibility and retail exposure are often improved by widening corridors and increasing ceiling heights, while unit sizes, and trade and tenant mix also present an opportunity for change. The repositioning of older centres to be more in line with present and forecast demographic market characteristics has also proven to be

[42] GFA is the area contained within the external walls of the building measured at each floor level, including any floor below the level of the ground, and excluding any floor space which the Building Authority is satisfied was constructed or intended to be used solely for parking motor vehicles, the loading or unloading of motor vehicles or occupied solely by machinery or equipment for any lift, air-conditioning or heating systems or any similar service.

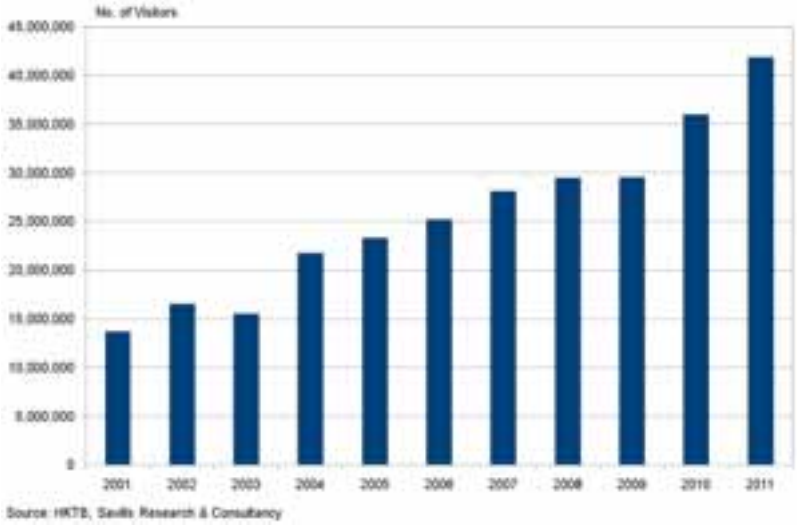
of benefit. Many developers now promote their centres more actively and theming has become more popular, enhancing the identity of centres.

2.8 Hong Kong tourism trends and analysis

2.8.1 Visitor arrivals

Hong Kong ranked second in Asia (just behind Singapore) and 12th in the world in terms of travel and tourism competitiveness, according to the Travel & Tourism Competitiveness Index in 2011 compiled by the World Economic Forum, which covers 139 countries around the world.

Visitor arrivals, 2001–2011



Visitor arrivals increased tremendously after a travel advisory bulletin warning against travelling to Hong Kong due to SARS was lifted by the World Health Organization in June 2003, coupled with the introduction and gradual implementation of the IVS the following month. Visitor arrivals increased by 170% from 2003 to 2011 as a result of strong mainland tourist arrivals, and stood at 41.9 million at the end of 2011.

2.8.2 Visitor arrivals by country of origin

A series of measures introduced from 2001 onwards to relax restrictions on travel by mainland Chinese to Hong Kong (application procedures as well as currency controls) has helped unlock tourist-related retail demand. The IVS, introduced in July 2003, which allows travellers from the selected mainland cities to visit Hong Kong independently instead of coming in tour groups only, has now been extended to 49 cities in China, representing approximately 270 million people.

Measures related to mainland Chinese tourists

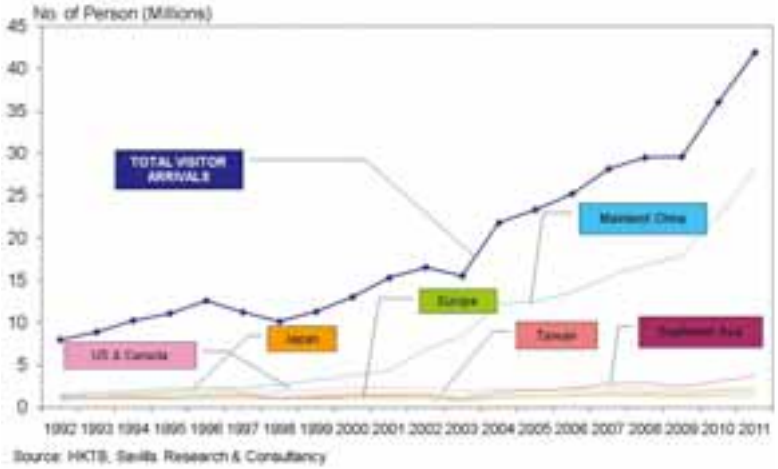
Oct 2001	Removal of the tourist quota
Jan 2002	Increase in the number of approved travel agencies permitted to organise Hong Kong tour groups
Jul 2003	Individual traveller restrictions lifted (four cities in Guangdong)

Aug 2003	Individual traveller restrictions lifted (another four cities in Guangdong including Guangzhou) Relaxation of the spending limit (from US$2,000 to US$5,000)
Sep 2003	Individual traveller restrictions lifted (Shanghai and Beijing)
Jan 2004	Use of renminbi credit/debit cards allowed
May 2004	Individual traveller restrictions lifted for the whole of Guangdong Province
Jul 2004	Individual traveller restrictions lifted (nine cities in Fujian, Jiangsu and Zhejiang provinces)
Mar 2005	Individual traveller restrictions lifted (Tianjin and Chongqing)
Nov 2005	Individual traveller restrictions lifted (Chengdu, Jinan, Shenyang and Dalian)
May 2006	Individual traveller restrictions lifted (Nanchang, Changsha, Nanning, Haikou, Guiyang and Kunming)
Jan 2007	Individual traveller restrictions lifted (Shijiazhuang, Zhengzhou, Changchun, Hefei and Wuhan)
Apr 2009	Permission for permanent residents of Shenzhen to apply for one-year multiple entry visas
Dec 2010	Permission for non-permanent residents of Shenzhen to apply for one-time IVS visas in Shenzhen

Source: HKTB, Savills Research & Consultancy

Since the implementation of the IVS in 2003, visitor arrivals from the mainland have increased dramatically from 8.5 million in 2003 to 28.1 million in 2011, a 231.9% hike. The tremendous growth in mainland Chinese arrivals since the IVS implementation has made them the single most important source of tourists to Hong Kong and in 2011 their number represented approximately 67.0% of that year's total.

Visitor arrivals by major market of origin, 1992–2011



Visitor arrivals continued to see robust growth over the first nine months of 2012 with 35.4 million visitors arriving in Hong Kong, representing a 16.3% year-on-year growth rate. As expected, mainland arrivals represented the lion's share with 25.3 million or 71.6% of visitors, and the staggering 24.2% year-on-year growth rate is the only above-average growth among major markets of origin.

Visitor arrivals by country/territory, Jan–Sep 2012

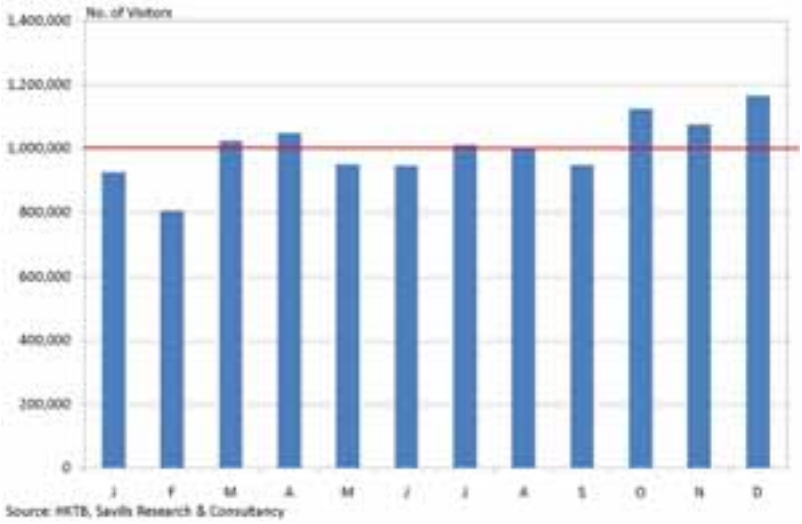
Country/territory	Visitor arrivals ('000)	YoY change (%)
The Americas	1,300.0	-0.3
Europe, Africa and the Middle East	1,595.2	+1.9
Australia, New Zealand and South Pacific	548.5	-0.7
Japan	995.5	+7.0
South Korea	806.0	+5.4
South and Southeast Asia	2,605.2	-2.6
Taiwan	1,563.5	-4.6
Macau*	636.0	+4.5
Mainland China	25,326.5	+24.2
Total	35,376.4	+16.3

Source: HKTB, Savills Research & Consultancy
**Includes "Not Identified" category*

2.8.3 Seasonality

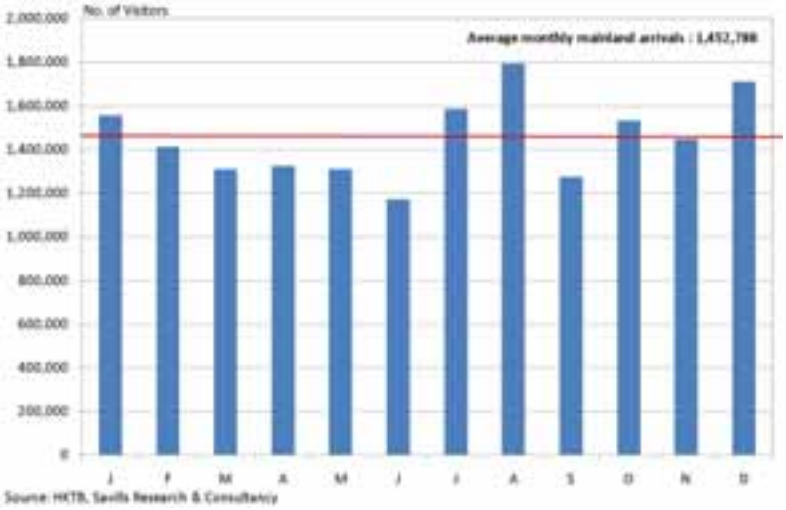
Looking at the average monthly visitor arrivals statistics from 2004 to 2011, the months of April, October, November and December are the seasonal highs for inbound tourists (excluding mainland visitors). April and December are holiday seasons in many countries (Easter and Christmas). October and November are usually the busy months for business travel, with many trade fairs and exhibitions taking place in Hong Kong.

Average monthly arrivals (excluding mainland visitors), 2004–2011



Looking at the statistics of mainland Chinese visitors alone, January, July, August, October and December are all popular months for mainlanders to visit Hong Kong: January and October are the months in which the traditional 'golden weeks' of Chinese New Year and National Day take place respectively, while July, August and December are school holidays for family travel especially for children studying abroad.

Average monthly mainland arrivals, 2004–2011



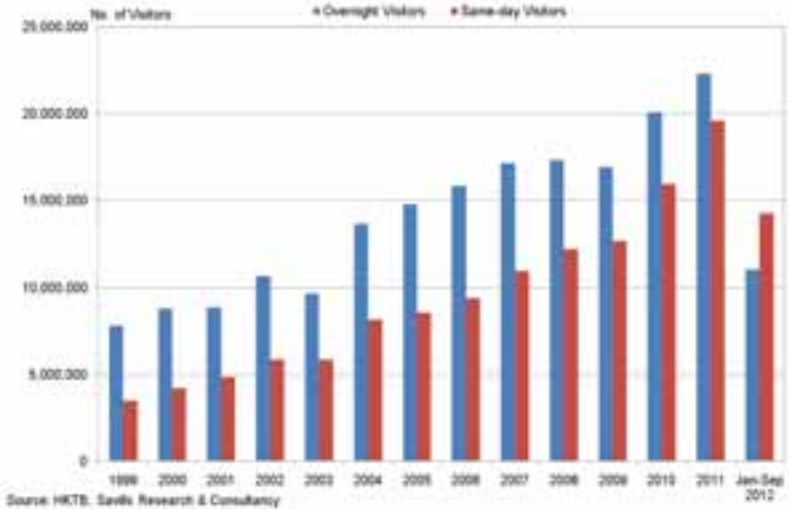
2.8.4 Visitor profiles

According to the HKTB, approximately 60% of all overnight visitor arrivals in 2011 were in Hong Kong for vacation. Reflecting the rising numbers of mainland visitors, 17% of overnight visitors were visiting friends and relatives, while overnight business travellers recorded a 34% increase from 2001 to 2011 indicating Hong Kong's role as a global centre for finance, trade and communications. Growth in the number of mainland Chinese overnight business travellers has also been significant, rising by 127.4% from 2001 to 2011. Mainland overnight business travellers represented 42.9% of the total in 2011.

The average length of stay increased from 3.3 nights in 2001 to 3.6 nights in 2011, and mainland overnight visitors now stay as long as long-haul visitors (both 3.9 nights in 2011), and much longer than short-haul visitors (2.8 nights in 2011), reflecting the maturing nature of these visitors in extending their experience of Hong Kong beyond simply shopping.

Another notable trend is the rising proportion of same-day-in-town mainland visitors. Over the past decade around 60% to 70% of mainland visitors would stay overnight in Hong Kong, although this percentage gradually declined. Over the first nine months of 2012, the number of same-day mainland visitors surpassed their overnight counterparts for the first time, standing at 14.2 million (56% of total mainland arrivals).

Mainland visitor arrivals, overnight vs same-day, 1999–Jan to Sep 2012



This trend has been induced by the increasing number of IVS travellers from southern China, and also shows there exists a mature group of repeat visitors, who have already explored new retail venues such as Sha Tin and Sheung Shui.

2.8.5 Tourist expenditure

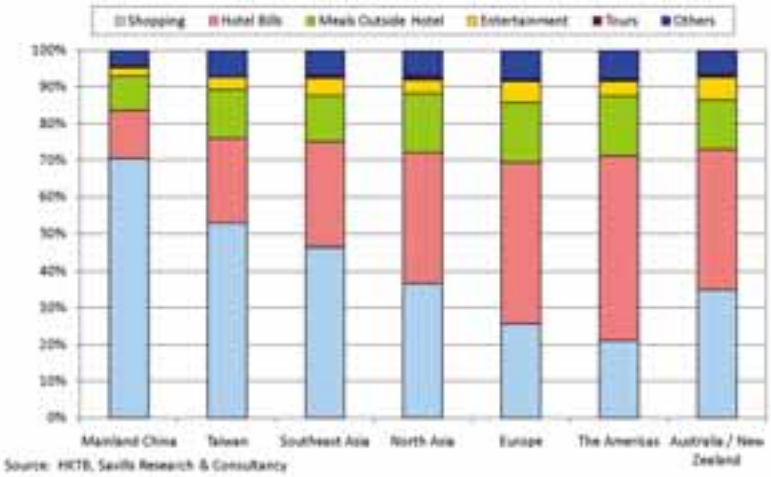
According to the Visitor Profile Report 2011 published by the HKTB, shopping was the most attractive activity for tourists, and in 2011, 87% of all visitors did some shopping. In terms of shopping items, ready-made wear was the most popular shopping item, attracting 46% of all visitors in 2011. Other popular items included snacks/confectioneries, cosmetics/skin-care products, and shoes/other footwear.

In 2011, visitor spending[43] totalled approximately HK$263.1 billion, an increase of 325.6% compared with 2001. Of this figure, HK$166.7 billion was spent by overnight visitors, representing a 63.3% share. Looking at overnight visitor spending patterns in 2011, approximately 59.3% of total overnight visitor spending was on “shopping items”.

Spending preferences are different among visitors from different countries. American and European overnight visitors tend to spend more on hotels (around 44% to 50%) while Asian visitors, particularly mainland Chinese, allocate a larger proportion of their spending to shopping (almost 70%).

[43] Including both same-day-in-town visitors and overnight visitors. Source: HKTB.

Breakdown of overnight visitor expenditure by category and major market, 2011



Over the past few years, overseas visitor spending has played an increasingly significant role in supporting the retail market. In 2000, total visitor expenditure on "shopping items" represented approximately 11.6% of the year's total retail sales value and this percentage had increased to approximately 32.9% by 2011.

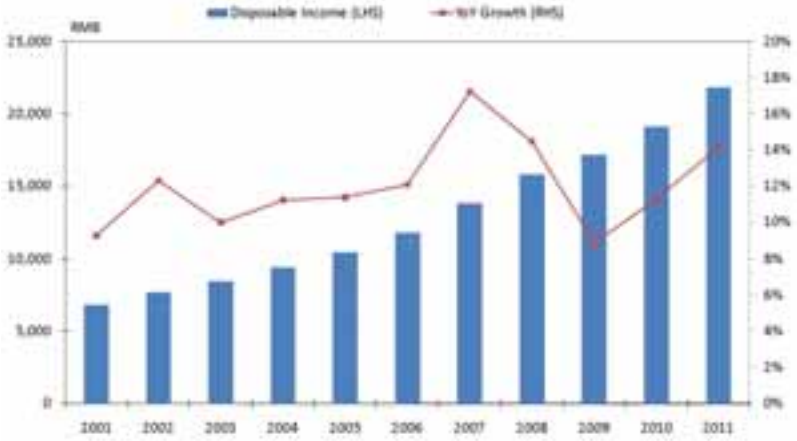
Total visitor shopping spending as a percentage of total retail sales, 2000–2011

2.8.6 The impact of mainland Chinese tourist spending

Besides representing a significant proportion of total arrivals, visitors from mainland China also contributed approximately 67.1% of total overnight tourist expenditure in 2011.

The booming economy and rising disposable incomes have resulted in an increasing middle-class population in urban areas of China. Over the past decade, disposable incomes of urban residents have risen significantly by 217.9% to reach RMB21,810 per annum in 2011.

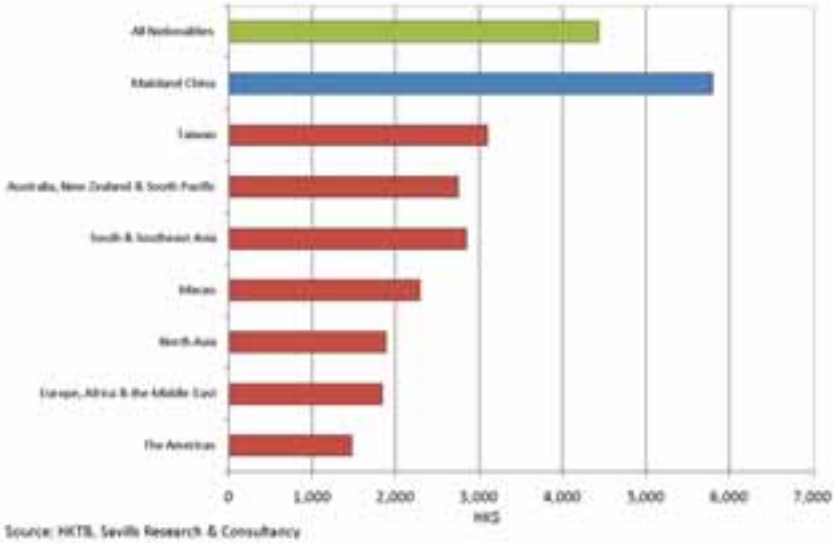
Disposable incomes of urban Chinese residents, 2001–2011



Source: Bureau of Statistics of China, Savills Research & Consultancy

With increased incomes, this population group is learning to appreciate personal style and fashion, and is willing to pay more for goods which are well designed and stylish, as well as for the latest international products. This is also a consumer group which has higher expectations than other consumer groups, with strong demand for higher quality products and well-known brands. In terms of per capita shopping spending, overnight visitors from mainland China were among the highest of all nationalities in Hong Kong in 2011. Their purchasing power has been further strengthened by the gradual increase in the value of the renminbi.

Overnight visitor per capita shopping spending in Hong Kong by major market, 2011



Source: HKTB, Savills Research & Consultancy

2.9 Retail market outlook

The booming retail market has seen some moderation of late, but this slowing in retail sales growth may be a short-term phenomenon due to uncertainties clouding both the local and Chinese economies, rather than a structural shift in the local retail landscape.

With the unemployment rate at an historical low, healthy income growth and gradually rebounding consumer confidence, we anticipate local retail spending to continue to be a profound support to the retail market, both in terms of necessities and leisure shopping. While luxury shopping items favoured by mainland tourists may have slowed to single-digit growth over the first few months of the year, we do not see any major slip in visitor spending on shopping; instead, overnight tourist expenditure on shopping continued to increase by 16.8% in the first half of 2012 to reach HK$50.4 billion. Coupled with the sustained growth in mainland arrivals and a gradual relaxation of the macro measures in China, we believe mainland spending on shopping will continue to increase, and their appetite for all types of shopping items will continue to flourish in the coming years.

We therefore expect the local retail market to continue to be well supported by both local and tourist spending, not necessarily at the exceptional rate of 20% to 30% growth per annum as in 2010 and 2011, but rather at a slower but more sustainable rate.

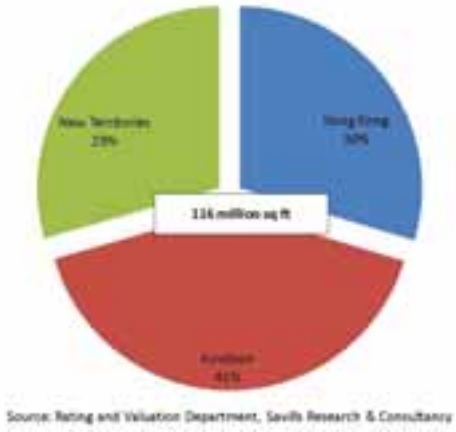
3.0 HONG KONG RETAIL PROPERTY MARKET OVERVIEW

3.1 Analysis of historical and future retail supply

3.1.1 Existing stock

The total stock of private commercial premises[44] in Hong Kong doubled between 1980 and 2011 to total 116.2 million sq ft at the end of 2011[45]. Around 41% of private commercial stock is located in Kowloon while Hong Kong Island and the New Territories accounted for around 30% and 29% of the remaining commercial stock respectively in 2011.

Total private commercial stock by district, 2011



[44] Defined by the Rating and Valuation Department, private commercial premises include retail premises and other premises designed or adopted for commercial use, with the exception of purpose-built offices. Car parking space is excluded.
[45] According to the Rating and Valuation Department, from 2006 onwards private commercial stock figures include properties owned by The Link REIT, which has a total IFA of 10.3 million sq ft in 2006

As the total stock of private commercial premises has increased over time, per capita stock[46] has also risen, along with increasing income levels. Per capita stock stood at 16.3 sq ft per person at the end of 2011, representing an increase of 6.5 sq ft per person since 1981.

3.1.2 New supply

Private commercial supply averaged approximately 2.0 million sq ft per annum between 1980 and 2011. However, supply levels were significantly lower in the 2000s compared with the previous two decades. Shopping centre supply reached a recent peak in 2006 when some 2.0 million sq ft was completed, including some larger scale malls such as Elements in Tsim Sha Tsui and MegaBox located in Kowloon Bay.

Private commercial supply, 1980–2011 average and 2012–2015 forecast

Period/year	Supply (sq ft)
1980–2011	1,970,249 (per annum)
2012E	1,171,000
2013E	203,000
2014E	165,000
2015E	793,426

Source: Rating and Valuation Department, Savills Research & Consultancy

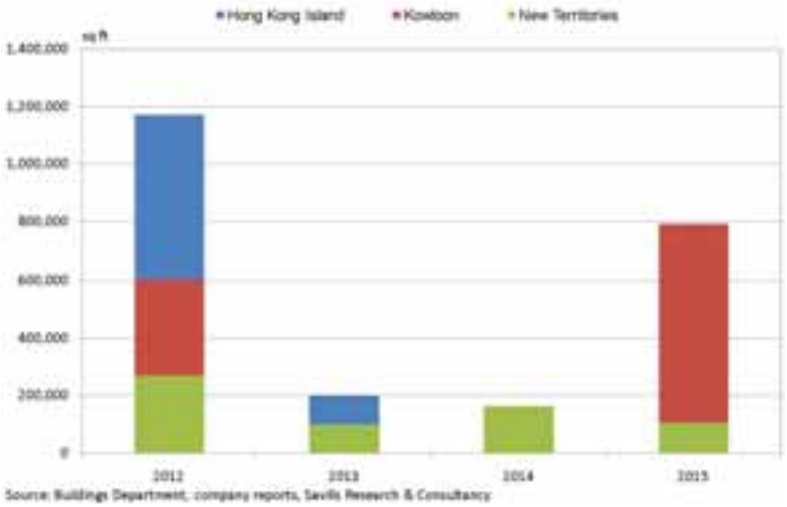
The supply of major shopping centres in Hong Kong is expected to fall to an average of 583,107 sq ft per annum between 2012 and 2015, with the highest proportion of new centres located in Kowloon, representing 44% of total future supply.

While some larger shopping centres, such as Hysan Place (400,000 sq ft) in Causeway Bay and V City (269,000 sq ft) in Tuen Mun were completed in 2012, all of the new shopping centres forecast for completion by 2013 and 2014 are small in scale, with GFAs of less than 110,000 sq ft.

There will be one major retail development completed in Kowloon in 2015, namely Kowloon Development's Ngau Chi Wan project, providing 686,426 sq ft of retail space. Notably, most of the large-scale shopping centre supply in the New Territories comprises the retail podiums of large residential estates.

[46] Total year-end private commercial stock divided by total year-end population.

Major shopping centre[47] supply, 2012E–2015E

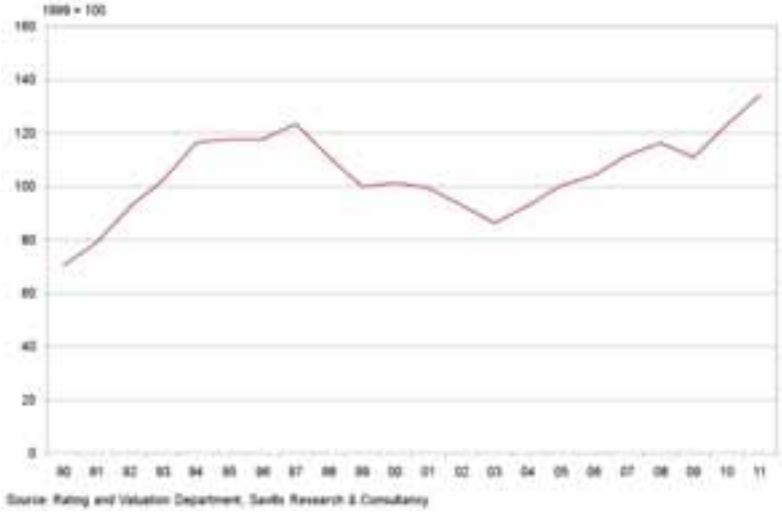


3.2 Analysis of historical and future retail demand

3.2.1 Rental trends

Overall

Private retail rental index, 1990–2011



Trends in private retail rents have reflected general economic performance over the past 20 years. Retail rents grew by 75% from 1990 to 1997 at a time when the local economy was growing rapidly and tourist arrival numbers were increasing. The regional economy was hit hard by the Asian financial crisis in 1998, however, when both domestic spending and regional visitor arrival numbers declined, and retail rents fell by around 24% over the following two years.

[47] Over 50,000 sq ft.

The dotcom bubble and the rising stock market brought about a short-lived rebound in the retail market, but retail rents drifted downward after the dotcom bubble burst in 2001, hitting their lowest point in 2003 when the SARS outbreak further reduced both tourist arrival numbers and local spending.

The strong rebound in the local economy, as well as the implementation of the IVS, induced a strong recovery in the retail market, and private retail rents increased by around 55% from 2003 to 2011.

Private retail rental index growth rate (MoM), Jan 2012–Sep 2012

Jan 2012	+0.3%
Feb 2012	+1.9%
Mar 2012	+1.0%
Apr 2012	+1.8%
May 2012*	+2.4%
Jun 2012*	-0.1%
Jul 2012*	+1.3%
Aug 2012*	+1.8%
Sep 2012*	+2.6%

**Provisional figures*
Source: Rating and Valuation Department

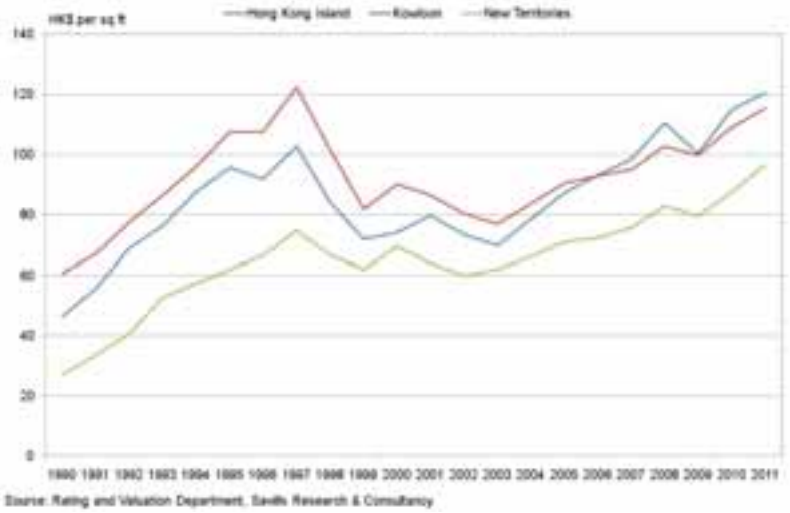
The robust tourist market and improving local consumer sentiment continued to support the growth of retail sales and retail rents in 2012. Year-to-date, retail rents have grown by 13.7% over the first nine months of 2012.

District analysis

Traditionally, retail shops and shopping centres are located in prime locations in urban areas such as Central, Causeway Bay and Tsim Sha Tsui, with a focus on selling luxury products and providing fine dining to affluent locals and, more recently, to high-spending mainland tourists who are visiting Hong Kong in increasing numbers thanks to the implementation of the IVS in 2003.

As site availability becomes increasingly scarce in urban areas, new retail premises over the past decade have been completed in fringe Kowloon and the New Territories, forming the suburban retail market. Major characteristics of suburban retail centres are that they often come in the form of large retail podiums of new residential developments, with a strong and often captive primary catchment, offering mainly daily necessities and basic comparison goods with a strong F&B presence.

Private retail rents by district, 1990–2011



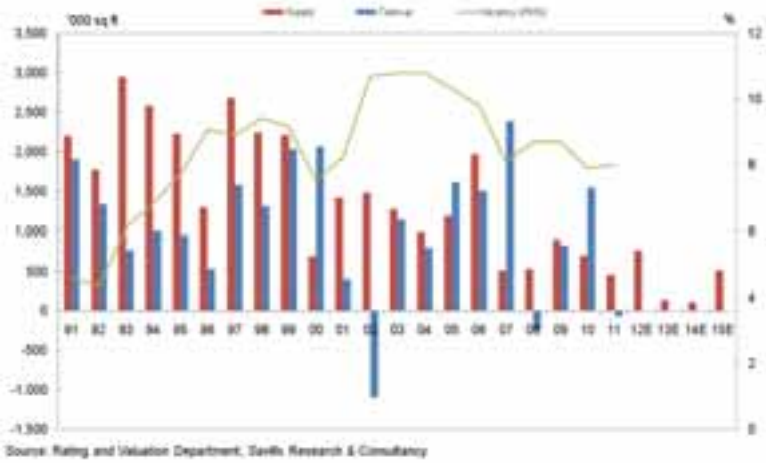
On a district level, private retail rents in Kowloon used to be the highest among the three districts from 1990, with the presence of popular street shops and centres in Tsim Sha Tsui, only to be taken over by Hong Kong Island from 2006 onwards. Private retail rents in the New Territories have proved to be relatively more stable than rents on Hong Kong Island and in Kowloon, especially during market downturns. Taking the Asian financial crisis period (from 1997 to 1999) as an example, while private retail rents in the New Territories fell by 17.0% over the period, much heavier drops of 30.0% and 33.2% were recorded for Hong Kong Island and Kowloon respectively over the same period.

3.2.2 Take-up and vacancy

Average take-up between 1980 and 1989, between 1990 and 1999, and between 2000 and 2011 stood at approximately 2.3 million sq ft, 1.4 million sq ft and 0.8 million sq ft respectively. Besides the maturing nature of the market, the falling take-up is also attributable to falling supply levels. Take-up rebounded from 0.8 million sq ft in 2004 to 2.3 million sq ft in 2007.

The negative take-up of retail space in 2008 is the result of demand contraction on the back of the global financial crisis, when a number of chain retailers closed in Hong Kong, examples being Tai Lam and U-Right, which both closed towards the end of that year. Vacancy rates increased to 8.7% in 2008 as a result. The subsequent influx of mainland visitors and the recovering economy favoured the retail market, with take-up of retail space rebounding strongly to 450,000 sq ft and 1.5 million sq ft in 2009 and 2010 respectively. With the latest global economic uncertainties, coupled with record-high rents slowing leasing activity, take-up declined to close to zero and vacancy rates hovered around 8.0% in 2011.

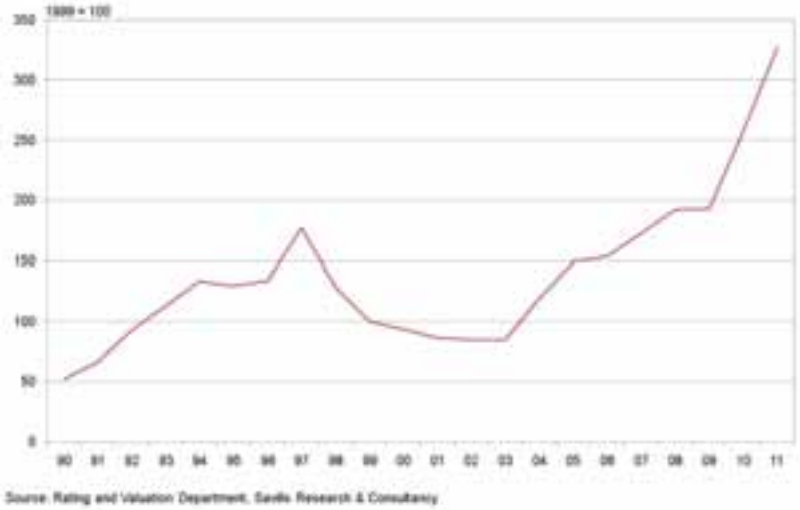
Private commercial supply, take-up and vacancy rate, 1991–2015E



From 2000 to 2011, Kowloon recorded the highest level of average take-up at 410,000 sq ft per annum, followed by the New Territories (300,000 sq ft per annum) and Hong Kong Island (174,000 sq ft per annum). This is mainly due to a number of major centres being completed over the past decade, such as MegaBox, K11, i-Square and The One, all located in Kowloon.

3.2.3 Price trends

Private retail price index, 1990–2011



Prices of private retail space in Hong Kong have been rising more swiftly than rents since the early 1990s, fuelled by negative real interest rates. An increase of 156% was recorded over the 1990 to 1994 period, representing average annual growth of 24%. A marginal decline in prices was recorded in 1995 but values rose again in 1996 and 1997. Asset deflation took hold after the financial crisis and prices dropped by 52% from 1997 to 2003. After rising by more than 286% from the trough in 2003 to 2011, yield compression become a stumbling block for most investors looking for investment properties.

Private retail price index growth rate (MoM), Jan 2012–Sep 2012

Jan 2012	+1.9%
Feb 2012	+3.0%
Mar 2012	+3.7%
Apr 2012*	+3.4%
May 2012*	+3.9%
Jun 2012*	+3.7%
Jul 2012*	+2.8%
Aug 2012*	+2.4%
Sep 2012*	+2.6%

**Provisional figures*
Source: Rating and Valuation Department

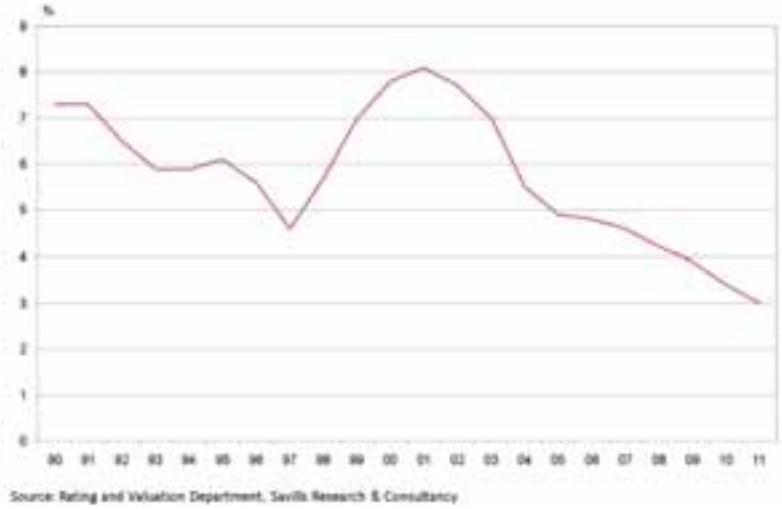
Despite extremely low investment returns and a slowing leasing market, the low interest-rate environment and the low cost of capital, coupled with tight stock availability have pushed retail prices up further in a robust retail sales market, with prices of private retail premises in Hong Kong recording a growth of 31.0% over the first nine months of 2012.

District analysis

Private retail prices by district, 1990–2011

Similar to the leasing market, Kowloon private retail prices were significantly above the other two districts for a long period of time in the 1990s and early 2000s, but also showed the highest volatility among the three districts: Kowloon prices increased by a staggering 520% from 1990 to 1997 to surpass HK$30,000 per sq ft, and then declined sharply by 52% during the Asian financial crisis. The implementation of the IVS in 2003, which benefited luxury shops in Tsim Sha Tsui, saw Kowloon retail prices again rising most by 76% from 2003 to 2005. However, Hong Kong Island prices picked-up over this period, with luxury retailers beginning to take prime street space in Central and Causeway Bay, pushing up both rents and investment values in the district. On Hong Kong Island, prices increased by 123% from 2005 to 2011, compared with a 60% growth in Kowloon retail prices over the same period.

Private retail yields, 1990–2011



Private retail yields, after reaching a recent high of 8.1% in 2001, rapidly compressed to 3% in 2011 due to the strong leasing market (inspired by the mainland influx after the introduction of the IVS), the gradual lowering of the cost of capital and robust investment sentiment.

With both retail sales and rents registering moderating growth in the first nine months of 2012, prices continued to perform strongly on the back of low interest rates and extremely tight stock availability, and as such, private retail yields contracted further to 2.5% in September 2012.

3.3 Market outlook

3.3.1 Rental forecast

The strong retail sector performance is no longer confined to core retail areas but has spread to non-core locations, and is well supported by both local consumption and visitor spending, which both look set to remain healthy in the near future. The recent global economic uncertainties (to which China has not been immune), have slowed the leasing market, but the latest phase of quantitative easing in China should help to counter any weakness in aggregate demand which may result from the global economic slowdown.

While visitor arrivals grew by a healthy 16% over the first nine months of 2012, this has been almost entirely attributable to the 24%-growth in mainland arrivals with growth of visitors from most other countries below average over the same period. This increasing reliance on mainland visitors to drive visitor growth may not be sustainable, and thus we have adopted a more conservative trend growth of 10% per annum in visitor arrivals for the period 2013-2015.

Statistically, total retail sales (retail sales + restaurant receipts) growth is highly related to the growth in visitor arrivals (positive), the rate of unemployment (negative), as well as growth in private consumption (positive) over the past two decades (R^2 = 81%). Extrapolating this historical relationship [48] and combined with the retail sales forecast compiled by

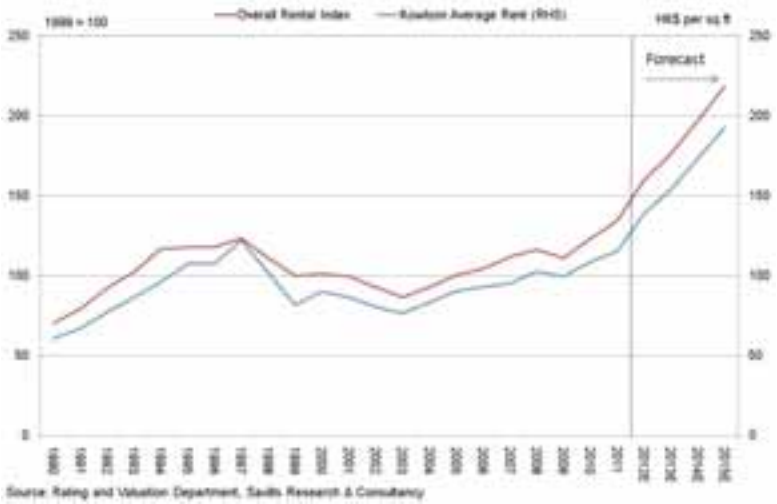
[48] Visitor arrivals are forecast to grow by 16.3% in 2012 (growth rate of January to September 2012) before growing by a more moderate 10.3% per annum from 2013 to 2016, being the trend growth rate from 1985 to 2011. Private consumption and unemployment rate forecasts are sourced from FocusEconomics, November 2012.

FocusEconomics, the total retail sales value is expected to increase by 11.1% per annum from 2013 to 2015.

Retail rental growth has also shown a relatively high positive correlation with the growth of total retail sales productivity[49] over the past two decades (R^2 = 63%), indicating that retail rents were affected by both the money generated from, and the provision of, retail space over the period. Retail rents are expected to increase by 13.7% in 2012 (actual growth from January to September 2012) before moderating to 11.0% per annum from 2013 to 2015.

The Kowloon retail rental trend has shown a very high correlation with the overall market over the past two decades (R^2 = 93%), and extrapolating this relationship, we may see a 20.3% growth in 2012 before rents revert to a more moderate 11.6% per annum rental growth rate from 2013 to 2015.

Retail rental forecast, overall and Kowloon, 1990 – 2015E



Summary of private retail rental forecast, 2012E–2015E

Year	Overall rental growth (%)	Kowloon retail rental growth (%)
2012	+13.7	+20.3
2013	+10.3	+10.9
2014	+11.8	+12.5
2015	+10.9	+11.3

Source: Savills Research & Consultancy

3.3.2 Price and yield forecast

The leasing market prospects, the cost of capital and stock availability have been the three key drivers of price trends in the retail market. With the leasing market expected to pick-up in the short term, and interest rates to remain low at least until 2015, the severe lack of stock should prove to be the catalyst for further price growth.

[49] Total retail sales divided by total retail floor area.

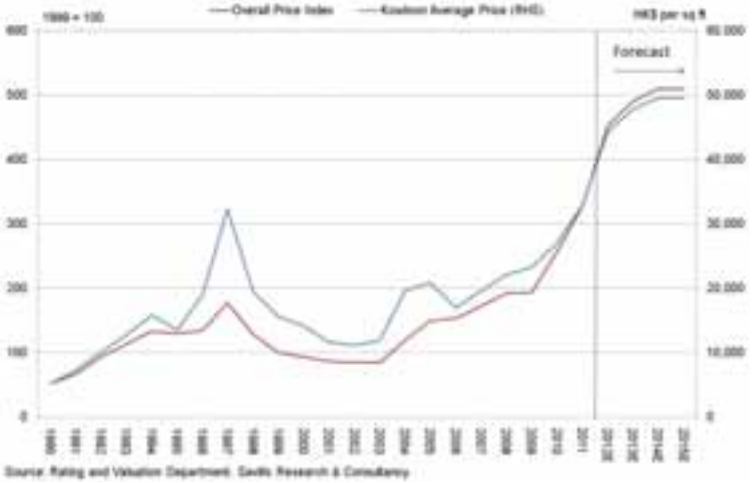
The lack of supply over the past few years, as well as in 2013 and 2014, should result in pent-up demand for the sector, both in terms of sales and leasing. The gradual reversion of supply to historical average levels in 2015 should see some of this pent-up demand being met and we expect active take-up in that year with a positive impact on both rents and prices.

Affordability, on the other hand, could become an issue, especially after a 30%-price growth this year – retail prices should be 155% higher than their previous 1997 peak by year end. At some level, both tenants and investors will find rents and values unaffordable, precipitating a market correction in the longer-term.

Assuming sufficient stock will be made available in the coming years and looking at the market from an investment perspective, we can forecast yields by taking the three-month HIBOR forecast from FocusEconomics and applying the average retail yield carry of 2.5% (the difference between private retail yields from the Rating and Valuation Department and the three-month HIBOR from Q1/2011 to Q3/2012) to derive yield levels from 2012 to 2014. FocusEconomics forecasts three-month HIBOR to rise from 0.4% in 2012 to 0.6% in 2014, which we have adopted as we believe HIBOR is more affected by local interbank liquidity, and thus fund flows to and from Hong Kong, rather than the US Federal Funds rate.

By adopting our rental forecast in the previous section, we are then able to derive retail price growth, which will likely be 30.0% for 2012 (assuming the same rate as January to September 2012) and an average of 6.2% per annum from 2013 to 2014. In 2015, the increase in supply should be met by pent-up demand, while the positive impact on prices of this supply / demand dynamic will be countered by further growth in interest rates, when three-month HIBOR is expected to rise to 1.1%. We would assume that retail prices will remain broadly stable in 2015 as a result.

Retail price forecast, overall and Kowloon, 1990 – 2015E



Summary of private retail yields and price forecast, 2012E–2015E

Year	Retail yields (%)	Overall price growth (%)	Kowloon retail price growth (%)
2012	2.9	+30.0	+34.4
2013	2.9	+8.4	+7.8
2014	3.1	+4.0	+3.7
2015	3.6	0.0	0.0

Source: Savills Research & Consultancy

Kowloon retail prices have shown a high correlation with the overall market over the past two decades (R^2 = 79%), and extrapolating this relationship, we may see 34.4% growth in 2012 before prices revert to a more moderate 5.8% per annum growth from 2013 to 2014 before stabilizing in 2015.

4.0 OFFICE MARKET OVERVIEW

4.1 Overview of Hong Kong's office markets

4.1.1 Stock and distribution

According to the Hong Kong Rating and Valuation Department, total office stock of all grades in Hong Kong stood at approximately 116.1 million sq ft IFA[50] at the end of 2011, compared with 35 million sq ft in 1982.

The Rating and Valuation Department classifies offices in Hong Kong into three grades according to the following criteria:

Grade A	Modern with high-quality finishes; flexible layouts; large floor plates; spacious lobbies and circulation areas; effective central air-conditioning; good lift services zoned for passengers and goods deliveries; good management; parking facilities normally available.
Grade B	Ordinary design with good-quality finishes; less flexible layouts; average-sized floor plates; adequate lobbies; central or free-standing air-conditioning; adequate lift services; average or above average management; parking facilities not essential.
Grade C	Plain with basic finishes; restricted layouts; small floor plates; basic lobbies; generally without central air-conditioning; barely adequate or inadequate lift services; minimal to average management; no parking facilities.

At the end of 2011, Grade A office space totalled approximately 73.4 million sq ft, which accounted for 63.2% of all office stock. In addition, approximately 26.5 million sq ft and 16.2 million sq ft were accounted for by grades B and C office space respectively.

Central is the CBD of Hong Kong, as well as its administrative heart. Central accounts for approximately 20% of total office stock of all grades and 24% of the total stock of Grade A offices. Central, together with the other traditional business districts of Wanchai/Causeway Bay and Tsim Sha Tsui, represented approximately 48.5% of total Grade A office stock at the end of 2011.

[50] Internal floor area (IFA) is defined as the area of all enclosed space of a unit measured to the internal face of the enclosing external and/or party walls.

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Office stock by grade and district, 2011

District	Grade A	Grade B	Grade C	Total
	(sq ft IFA)			
Central	17,310,665	3,966,534	1,824,498	23,101,697
Wanchai/Causeway Bay	9,780,170	6,151,626	3,358,368	19,290,164
Tsim Sha Tsui	8,516,477	3,410,035	2,180,786	14,107,298
Island East[1]	7,949,214	1,655,503	649,069	10,253,786
Kowloon East[2]	12,574,505	1,119,456	285,246	13,979,207
Kowloon West[3]	7,441,153	4,058,028	2,716,834	14,216,015
Others	9,811,386	6,129,022	5,169,949	21,110,357
Total	73,383,570	26,490,204	16,184,750	116,058,524

1. Includes North Point/Quarry Bay;
2. Includes Kwun Tong and Kowloon City;
3. Includes Yau Ma Tei/Mong Kok, Sham Shui Po, Kwai Tsing and Tsuen Wan
Source: Rating and Valuation Department, Savills Research & Consultancy

Of the three core business districts, namely Central, Wanchai/Causeway Bay and Tsim Sha Tsui, Central is where the Hong Kong government, as well as quasi-governmental organisations, consulates, the Hong Kong Stock Exchange and the regional headquarter offices of many international financial institutions, investment banks and fund houses are based. Examples of prime office buildings located in the area include One IFC, Two IFC, Chater House, Cheung Kong Center, Exchange Square I, II and III, and AIA Central, and Grade A office stock amounted to 17.3 million sq ft at the end of 2011.

Wanchai/Causeway Bay also features numerous prime Grade A offices such as Times Square, World Trade Centre, Hysan Place and Lee Gardens. Wanchai/Causeway Bay is also home to many multinational companies of a diversified nature, such as insurance companies, trading and consumer goods companies, and pharmaceutical companies. Grade A office stock in the district amounted to 9.8 million sq ft at the end of 2011.

Tsim Sha Tsui, given its easy access to the MTR and a range of ferry services, is popular among trading companies involved in mainland China business. Prominent Grade A office buildings in the area include The Gateway, 1 Peking Road and Hong Kong China City, and stock amounted to 8.5 million sq ft at the end of 2011.

As the demand for quality accommodation has increased steadily alongside Hong Kong's growing economy, developers of Grade A office stock have attempted to keep pace. Nevertheless, development constraints in the established districts of Central, Wanchai/Causeway Bay and Tsim Sha Tsui have limited the ability of these districts to expand, and important submarkets have emerged in decentralised areas over the past ten years as a result, such as Island East, Kowloon East and Kowloon West.

Distribution of Grade A office stock, 2011

Source: Rating & Valuation Department, Savills Research & Consultancy

4.1.2 Rents and capital values

4.1.2.1 Rental movements

The slide in office rents from 1981 to 1985 by over 30% was mainly due to concerns over the Sino-British negotiations on the future of Hong Kong. From 1985 to 1990, average office rents grew by more than 200%, when both local and overseas firms expanded their businesses due to the robust local economy, the transformation of Hong Kong from a manufacturing base to a service economy, as well as the signing of the Sino-British Joint Declaration which guaranteed Hong Kong's stable and open business environment up to 2047.

After a brief slump, average rents rose again by another 50% and peaked in 1994 due partly to strong office demand from red-chip companies, and partly because of an influx of multinational financial institutions given a booming local stock market and increasing business opportunities in China. Prime office rents in Hong Kong stood at HK$60 per sq ft net effective at their market peak[51] in 1994.

Nevertheless, rents decreased alongside the Asian financial crisis which adversely affected the local economy. Many companies experienced downsizing and layoffs with office demand shrinking, and rents declined dramatically by nearly 40% from 1997 to 1999.

Rents were driven up by the dotcom boom and the expansion of the financial services sector in late 1999, when strong demand from IT-related companies and financial services drove vacancies down in both Central and fringe districts. The revival of the local economy meant that average rents rose for the first time since the market began its downward trend in 1997, but only by a modest 5%.

[51] Source: Savills Research & Consultancy.

Overall Grade A office rental index, 1981–2011

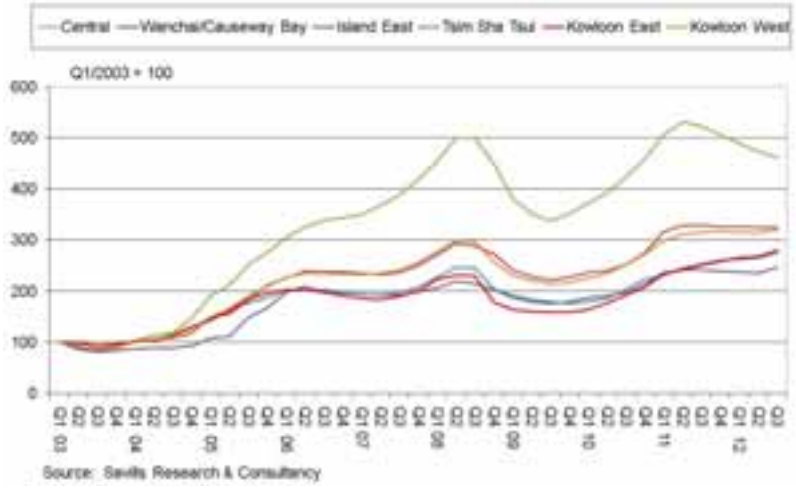
The end of the dotcom bubble and the downturn of the US economy altered the demand side of the picture substantially. The terrorist attacks in the US on 11 September 2001 exacerbated an already difficult operating environment, and financial services companies and other multinational businesses began to take (sometimes dramatic) action to manage costs. The overwhelming amount of surrendered space and a large volume of new supply subsequently caused Grade A rents in Central to drop much faster than in any other business district. Further rental decline was noted in 2003 when the SARS outbreak pulled overall rents down to levels not seen since the late 1980s, of around HK$15 per sq ft[52] net effective, a 30% discount to the previous peak at the end of 2001.

Post-SARS, the average Grade A office rent increased by approximately 126% from the end of 2003 to 2008 on the back of a booming stock market, a strong initial public offering (IPO) pipeline and the dramatic expansion of investment banks in this period before the global financial crisis in Q3/2008. Many tenants in the finance industry experienced layoffs and downsizing during the crisis period in 2008 and the first half of 2009, lessening demand for office space and pulling rents down by 15% from 2008 to 2009. Rents quickly turned around in 2009 on the back of quantitative easing measures introduced in both the US and mainland China, with new leasing demand from overseas funds and finance-related companies from the PRC. Rents rose by 25% between 2009 and 2011. During this period, Hong Kong established itself as the largest IPO market in the world as mainland firms sought listings on the local exchange.

A slowdown in office rental growth was noted during the second half of 2011 alongside a weakening of the local economy and uncertain business sentiment, with companies becoming more cost-conscious and halting expansion plans. As the IPO market dwindled, financial services firms cut headcount. Grade A office rents in Hong Kong stood at HK$57 per sq ft net at the end of Q3/2012[53].

[52] Source: Savills Research & Consultancy.
[53] Source: Savills Research & Consultancy.

Savills Grade A office rental indices by district, Q1/2003–Q3/2012



Rents in Central have adjusted downwards over the past five consecutive quarters, falling by 13% from their peak in Q2/2011, and with weakening new-lease and expansion demand from finance firms, landlords have had to cut rents to attract tenants.

In Wanchai/Causeway Bay, leasing activity in the third quarter was driven by new leasing demand from mid-sized tenants, with space requirements of around 3,000 sq ft to 5,000 sq ft. In Island East, office rental growth was mainly driven by standalone buildings in the area. Demand was also observed from cost-saving relocations by tenants from core locations, and rents increased by 3% over the first three quarters of 2012.

In Kowloon, the story was quite different in the third quarter; rents in Tsim Sha Tsui, Kowloon East and Western Corridor rose strongly, supported by robust demand in all areas of Kowloon. In Tsim Sha Tsui, newcomers in the retail sector were active in this traditional core retail area, taking-up increasing amounts of office space, and rents rose by 4.1% in Q3. In Kowloon East, driven by relatively low rents, expansion demand from insurance firms was noted, and rents in the area rose by 9% in the first three quarters of 2012.

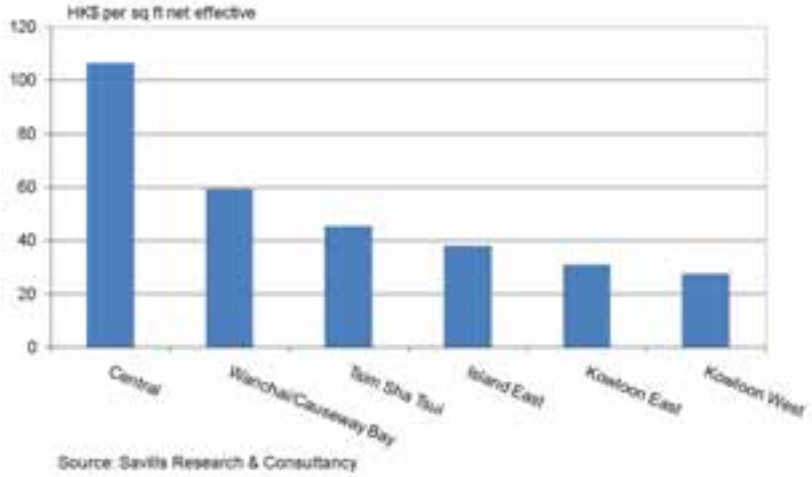
The west side of Kowloon was equally active in Q3/2012, with transactions mainly comprising large-sized deals of 10,000 sq ft and above. Some tenants moved to the area from other Kowloon markets. Rents in the area rose by nearly 12% in the first three quarters as a result.

Grade A office rental movements, Q3/2012

District	QoQ change (%)	YTD change (%)	Change from Q3/2003 (%)
Central	-2.6	-9	463.6
Wanchai/Causeway Bay	0.0	0	277.4
Tsim Sha Tsui	4.1	5	193.2
Island East	4.8	3	203.9
Kowloon East	5.0	9	197.6
Kowloon West	6.3	12	143.1
Overall	2.1	2	265.5

Source: Savills Research & Consultancy

Average Grade A office rents by district, Q3/2012



Average Grade A rents in Central stood at HK$107 per sq ft net effective at the end of the third quarter of 2012, 80% higher than in Wanchai/Causeway Bay, the closest district in terms of accommodation overheads. The rental premium of Central over other business districts has been widening over the past few years, reflecting the limited availability of good-quality office space in the area, as well as the skewed demand from the financial community towards the CBD. The rental gap between Central and other districts began to narrow from mid-2011, with the latest round of global economic uncertainties suppressing demand from financial institutions as the IPO market remained sidelined, affecting rents in the CBD, while rental levels in other districts came through the period relatively unscathed.

Relocating to Kowloon is a trend in the office market which has been witnessed over the past few years, starting with several investment banks decentralising to International Commerce Centre (ICC), and later, the relocation of major insurance tenants to Kowloon East from Wanchai/Causeway Bay. Kowloon East remains an emerging area, attracting tenants from Hong Kong Island looking for large cost savings. At the end of the third quarter, rents in Kowloon East stood at HK$31 per sq ft net effective[54], while average Grade A rents in Wanchai/Causeway Bay stood at HK$59 per sq ft net effective.

[54] Source: Savills Research & Consultancy.

4.1.2.2 Price movements

Grade A office price index, 1981–2011

Source: Rating and Valuation Department, Savills Research & Consultancy

In line with office rents, office prices registered a decline of 55% in the early 1980s due to uncertainty over Hong Kong's future, and the flight of capital from the territory before negotiations between the UK and China were concluded in 1984. Positive investment sentiment emerged in the office market alongside strong leasing demand and the emergence of quality buildings for sale over the period from 1985 to 1991, including Lippo Centre Towers I and II (1987), and 9 Queen's Road Central (1991). Office prices increased by nearly 300% over the period reflecting the speculative nature of the market.

A negative real interest-rate environment and capital inflows from other Asian countries fuelled the sales market in the early 1990s, and overall office prices rose by 138% from 1991 to 1994. Having fallen throughout 1995, the sales market revived in 1996 and 1997, before the Asian financial crisis hit the economy hard and induced a downturn in the commercial property sector.

Prices fell sharply by nearly 70% from 1997 to 2003, as the short-lived dotcom boom failed to ignite a rebound in the sales market as it did the leasing market. The economic downturn, 9-11, the second Iraq war and the SARS outbreak all contributed to dampen investment sentiment further over the period.

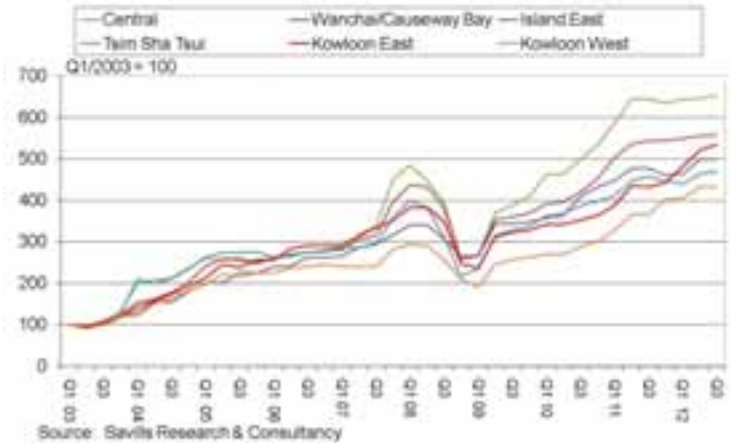
The strong economic rebound from mid-2003 onwards, together with the low interest-rate environment, helped rejuvenate the sector, and prices surged by over 75% from 2003 to the end of 2004. The strong demand for office space from financial institutions and multinationals, which induced the rise in rents from 2005 onwards, also induced investment interest in the Grade A office market, and prices rose by a further 32% over the year.

Subsequent interest-rate hikes clouded investment sentiment from the second half of 2005, and transaction volumes declined while prices remained relatively stable. The peak of the interest-rate cycle (and the decision by some local banks to decrease interest rates), the growing economy and a strong stock market all helped to revive investment sentiment in the second half of 2006, and office prices increased by a moderate 3% over 2006 as a whole. On the back of strong investment sentiment, alongside a booming stock market, prices continued to rise by another 38% from 2006 to 2008.

Office prices fell sharply during the global financial crisis period from 2008 to the first half of 2009, with many investors forced to sell their office properties in the face of tightening liquidity and extremely uncertain leasing market prospects.

Quantitative easing and low interest rates in the US subsequently stimulated investment interest in office properties, and alongside strong rental growth, office prices increased by nearly 65% from 2009 to 2011. Transaction volumes were driven by both local investors as well as overseas investment funds.

Savills Grade A office price indices by district, Q1/2003–Q3/2012



According to Savills Grade A office price indices, Grade A office price growth was slow across most districts (except Kowloon East) in the first three quarters of 2012, on the back of a sluggish leasing market and an uncertain external environment, as well as weakening investment sentiment. Office prices rose marginally by 7% in the first three quarters of 2012.

Although volumes are thin in core markets (for example, only three transactions have been recorded at 9 Queen's Road Central in Central so far this year), a record-high price of HK$28,160 per sq ft gross was recorded at 9 Queen's Road Central in October. Prices in Central rose by 2.9% over the first three quarters of this year.

In Wanchai/Causeway Bay, only a few transactions have been reported this year in Grade A buildings, as many of the strata-titled office floors in the district are not available for sale. Transactions this year were mainly recorded in AXA Centre and Fortis Bank Tower, and prices in Wanchai/Causeway Bay increased by a relatively modest 2.5%. The Island East submarket, on the other hand, remained quiet due to a lack of available stock.

The Kowloon East office sales market has been supported by both investors and end users. The vision of CBD2, introduced by the government, has attracted many long-term investors/end users to the area, and coupled with ample liquidly and low interest rates, office prices in Kowloon East rose 125% from Q1/2009 to Q3/2012. Many new Grade A office developments in the area have been successfully strata titled, including King Palace Plaza at 55 King Yip Street and 49 King Yip Street.

The Kowloon West market is actively focused on the strata-titled sale of Kowloon Commerce Centre Tower 2, which has attracted both end users and long-term investors. Prices in Kowloon West rose by 7.4% from Q1/2012 to Q3/2012.

As the spotlight fell on Kowloon East and West, Tsim Sha Tsui has remained quiet this year, with only a few transactions reported in strata-titled office clusters in Tsim Sha Tsui East. Prices in the area have risen by 5% year-to-date.

Grade A office price movements, Q3/2012

District	QoQ change (%)	YTD change (%)	Change from Q2/2003 (%)
Central	1.2	2.9	583.3
Wanchai/Causeway Bay	0.2	2.5	461.4
Island East	0.0	7.9	421.1
Tsim Sha Tsui	1.3	5.0	406.5
Kowloon East	2.6	20.6	456.7
Kowloon West	0.0	7.4	376.1
Overall	1.1	6.7	468.1

Source: Savills Research & Consultancy

4.1.3 Supply and demand

New office supply is expected to remain at low levels over the next few years, particularly supply of Grade A offices in the core areas of Central, Wanchai/Causeway Bay and Tsim Sha Tsui. The total supply of Grade A offices between 2012 and 2016 is expected to reach approximately 5.45 million sq ft, or 1.1 million sq ft per annum, which is well below the ten-year average requirement of 2.2 million sq ft. This demand/supply disequilibrium is expected to provide strong support to rents over the period.

Grade A office supply, take-up and vacancy rates, 1992–2016E

Source: Rating and Valuation Department, Savills Research & Consultancy

It is noteworthy that much of the new supply (around 54% from 2012 to 2016 or 2.9 million sq ft) will come on stream in Kowloon East, with some new developments already strata-title sold, including Elite Centre at 20–24 Hung To Road and King Palace Plaza at 55 King Yip Street.

There is one new Grade A office project in Central scheduled for completion in 2012 – the Ritz-Carlton Hong Kong Hotel redevelopment with a net area of 168,750 sq ft, but as the joint owner of the building, it is expect that China Construction Bank will occupy a majority of the floor space. The Forum redevelopment in Central by Hong Kong Land will be wholly occupied by

Standard Chartered Bank upon completion in 2014, while 10–12 Queen's Road Central will likely be occupied by Shanghai Commercial Bank upon completion in 2015.

Given the tight availability, tenants in core locations are expected to continue to look at options such as splitting operations, decentralising or downgrading. While new supply coming on stream in Kowloon East may provide for a lower cost solution for tenants currently located in traditional business areas, high pre-commitment levels and strata-title sales to end users are expected to limit the amount of space available.

4.2 Key market trends, demand drivers and future prospects

4.2.1 Office decentralisation

Development constraints in the traditional office locations of Central, Wanchai/Causeway Bay and Tsim Sha Tsui have limited the ability of these districts to expand in the short to medium term. The Grade A office inventory in traditional locations such as Wanchai/Causeway Bay and Tsim Sha Tsui is also ageing as development opportunities decrease. Future office supply is focused in decentralised markets, particularly Kowloon East which is growing to maturity with a raft of new high-quality properties in the pipeline.

The emerging decentralised Grade A office markets have become more attractive, in particular to large space users, given the new high-quality space on offer at very competitive terms. Additionally, escalating Central rents over the past two to three years have widened the rental gap between core and non-core districts. High occupation costs and limited availability have therefore combined to push cost-sensitive tenants out of core locations.

International retailers are also in an expansion mood following an 11% year-on-year growth in retail sales volume in the first nine months of 2012. Many international retailers are expanding aggressively in major shopping areas, which indirectly translates into demand for office space; Tsim Sha Tsui is one such area benefiting from this trend, and tenants who have been active in the area include Samsonite, Estee Lauder and Dolce & Gabbana. Some retailers are also setting-up offices in other Kowloon areas, such as Kowloon East, and such names include Nike, Polo Ralph Lauren and Adidas.

Another decentralisation trend is the relocation of large, multi-floor occupiers from core areas. Multinational companies are gradually forming a cluster in Kowloon East, with most demand deriving from the wholesale and trade, and insurance sectors. The government has also become a large occupier in the district, for example the Hospital Authority and the Census and Statistics Department.

4.2.2 Economic and social drivers

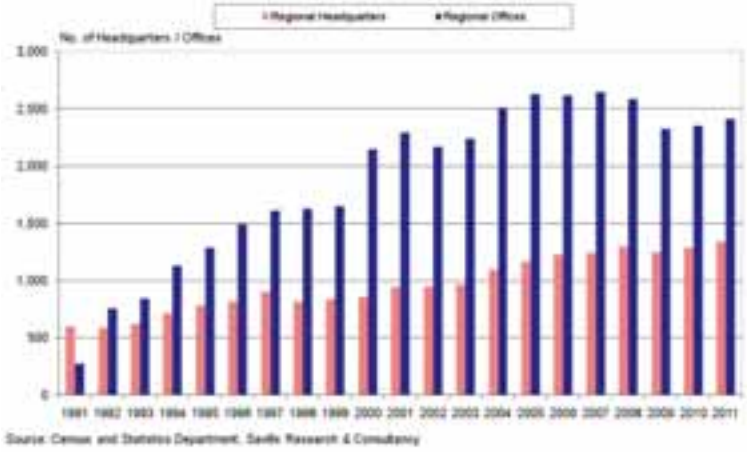
Hong Kong's robust economic growth over the past few years has been one of the key engines which has driven demand for Grade A offices. GDP growth has averaged around 4% per annum over the past 20 years (1992 to 2011) while 2010 and 2011 recorded healthy growth rates of 6.8% and 4.9% respectively. Long-term real GDP growth is forecast to average approximately 3.6% per annum from 2012 to 2016[55].

Having peaked at 8.5% in 2003, an historical high, unemployment rates have declined dramatically since, and for the three months ending in September 2012 unemployment rates stood at 3.3%. The number of people employed also reached a new high of 3.66 million during the period.

[55] Source: FocusEconomics, October 2012.

The increasing attractiveness of Hong Kong as an Asian business hub for multinationals is also supporting the Grade A office market in Hong Kong. According to the Census and Statistics Department, the number of regional headquarters and regional offices rebounded in both 2010 and 2011. At the end of 2011, there were 1,340 regional headquarters and 2,412 regional offices in Hong Kong representing their parent companies located outside Hong Kong.

Number of regional headquarters and regional offices, 1991–2011



Since the handover in 1997, the number of regional headquarters and regional offices has increased by 48% and 50% respectively, indicating that Hong Kong has remained the preferred location from which international companies oversee their regional operations in Asia Pacific. The favourable business environment of Hong Kong, offering a low and simple tax system, a free flow of information, an absence of exchange controls, a well established transport infrastructure, a strategic geographical location and political stability, all continue to attract international companies to set-up regional headquarters and offices in the city. Such companies are an important component of Grade A office demand.

4.2.3 Political drivers

4.2.3.1 Integration with mainland China

Widely regarded as a key factor in the future success of Hong Kong, the integration of the China and Hong Kong economies has been advanced by CEPA which has liberalised trade between the two. A strengthening of the relationship has the potential to further support the growth of the financial services, logistics and tourism sectors in Hong Kong.

CEPA's main contribution to trade between the two partners is that it has removed import tariffs on almost all Hong Kong-made products[56]. In addition, it liberalises access to the mainland China market for Hong Kong businesses in 30 service sectors, including finance, banking and accounting, freight forwarding, logistics and distribution, real estate and construction. The expansion of the local service sector into mainland China should enhance their need for more office space in Hong Kong for administration, financing and support functions.

Another demand driver has been the IPO market, which proved particularly strong from 2009 to 2011, but this has dwindled this year in the face of turbulent markets. Some smaller IPOs by

[56] Except prohibited articles (such as used or waste electrical machinery and medical/surgical products, chemical residues, municipal waste, tiger bones and rhinoceros horns).

mainland firms have been noted and this has helped sustain mainland brokerage and legal practices. It may be that a chronic lack of capital will drive more mainland firms to the IPO market before the end of the year, despite less than ideal conditions. In the first ten months of 2012, the funds raised by IPOs totalled around HK$48.6 billion.

Hong Kong Stock Exchange IPOs, 2006–2012

4.2.3.2 Infrastructure

A number of road and rail projects are either under construction or are planned to improve linkages between Hong Kong and southern China, as well as augmenting internal linkages within Hong Kong itself. New transport infrastructure has enhanced the accessibility of rural areas and encouraged the emergence of more decentralised office nodes, such as Kowloon East and Kowloon West over the past decade.

Other infrastructure projects under planning, such as Hong Kong International Airport's third runway and the Kai Tak Development, will also help sustain Hong Kong's competitiveness and attract international talent.

CBD2

Quality office space in the traditional core business districts can no longer match growing demand. The chief executive therefore announced in his 2011–2012 Policy Address in October 2011 plans to develop Kowloon East into CBD2, with a target to provide an additional office floor area of 4 million sq m in the district.

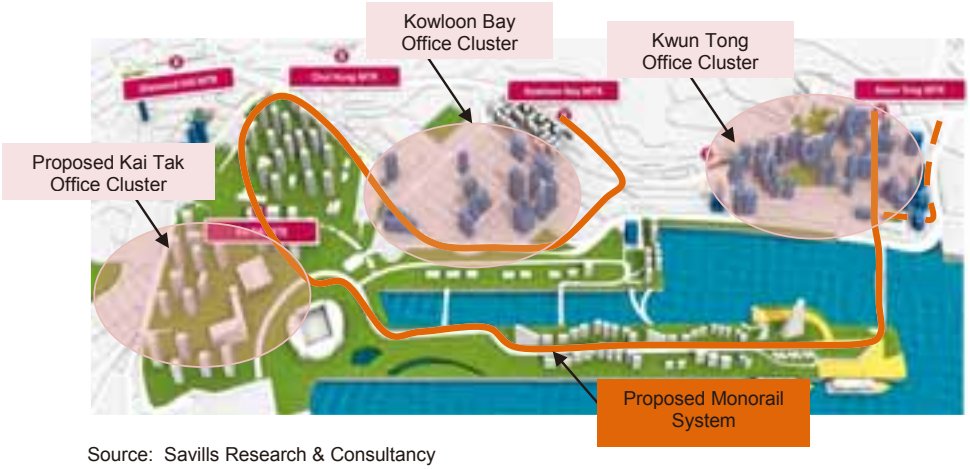
The government is also drawing-up development strategies for the district, which include enhancing connectivity within East Kowloon through the improvement of pedestrian access networks, the consideration of an environmentally friendly linkage system through the entire district, and the strengthening of external connectivity through the Kwun Tong MTR Line extension and the future Sha Tin–Central MTR Link.

Attractive urban design concepts have been submitted, with green features and pedestrian promenades to create a pleasant business district; also advocated are developments for cultural, leisure and water sports activities to energise the district.

The Energizing Kowloon East Office was set-up by the Development Bureau in June 2012 to implement and monitor the development of the area, with a view to facilitating its transformation

into Hong Kong's CBD2, which it is hoped will support economic growth and strengthen the territory's global competitiveness. A number of initiatives have been consolidated in the CBD2 proposal including the Kai Tak Development, as well as the cruise ship terminal and Kwun Tong Promenade.

Conceptual Kowloon East map



Source: Savills Research & Consultancy

A proposed 12-km monorail will run through the Kwun Tong, Kai Tak and Kowloon Bay MTR stations, with a total of 12 stations around Kowloon East to enhance the connectivity of the area. Currently, the government plans for early commissioning in 2023. This monorail will also ease accessibility for international tourists travelling to or from the cruise ship terminal as there is a proposed station on the old runway.

The development of Kowloon East is expected to strengthen the appeal of the decentralised office market in Kowloon as a whole and establish a viable alternative to the traditional business districts.

4.2.4 General leasing market trends

There are various terminologies in a typical lease term for leasing office premises in Hong Kong, which are set-out as follows:

Lease terms

Office premises are normally offered on short lease terms of three years at a fixed rent for the period. Larger space users (typically 50,000 sq ft or above) or tenants moving into brand-new offices at an early stage may request longer lease terms of six or nine years, with a provision for review of rent at the end of every third year to the then prevailing open market rent. Tenants expanding in the same office premises will usually make arrangements for new leases to be co-terminus with their original leases.

Rent reviews

The rent-review clause within a lease agreement sets out how the open market rent should be determined under certain parameters, otherwise known as Assumptions and Disregards. Furthermore, in the event that the landlord and tenant are unable to agree the rent, there is a mechanism within the lease to enable either party to refer the matter to an independent valuer, acting either as an expert or arbitrator.

Options to renew

In some cases (larger space users of 10,000 sq ft or above and big-name tenants from the financial or public sectors) it may be possible to secure an option to renew the lease upon expiry of the original lease term for a further three-year period. The tenancy agreement will detail the conditions under which the option may be exercised, including the serving of notice and method for the assessment of the new rent to be paid during the renewal period.

Break clauses

In general Hong Kong leases cannot be assigned and only limited sub-letting is permitted. Tenants with larger space requirements (typically 50,000 sq ft or above) may request a break clause to terminate the lease early. The landlord may request a break clause to terminate the lease early for either sale or redevelopment purposes. The ability to carry out such a break is regulated by the required notice period, as well as compensation to the landlord, typically ranging from three to six months' rent in lieu.

Tenancy agreements

The rights and obligations of both tenant and landlord during the lease term will be detailed in the tenancy agreement under the landlord and tenant covenants. In most Grade A buildings, this will be in a standard format and landlords are normally reluctant to accept major amendments.

Rent

Rents are quoted in Hong Kong dollars per sq ft (gross/lettable/net[57]) per month, exclusive of service charge and additional costs, and are payable monthly in advance. The term 'effective rent' is often mentioned in negotiations. The effective rent is the average rent payable over the initial term of the lease after factoring-in all inducements and incentives.

Rent-free periods

These are primarily intended as an allowance to cover the period required for fitting-out the premises. In practice, and depending on various factors such as the size of the unit and the prevailing market conditions, landlords may offer longer rent-free periods as an incentive to tenants.

Handover condition

In most cases landlords offer premises in a "bare shell" condition. Standards do vary, but for most Grade A buildings, the landlord provides inter-tenancy partitions, raised or screed floors, and a suspended ceiling grid with ceiling tiles and light boxes. The primary air-conditioning plant is provided, but secondary ducting as well as all electrical wiring is the tenant's responsibility.
In order to ensure high standards throughout a building, and to comply with building and fire regulations, it is usual for landlords to insist that all mechanical and electrical works which require connection to the main building services be undertaken by their nominated contractors.

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[57] The gross area of a whole floor typically represents the enclosed internal space up to the exterior face of the external wall, including toilets, lift lobbies, columns, staircases, smoke lobbies, lift shafts, plant rooms and risers.

The lettable area of a whole floor represents the enclosed internal space up to the exterior face of the external wall, including toilets, lift lobbies and columns, but excluding common areas such as staircases, smoke lobbies, lift shafts, plant rooms and risers.

Net area is not recognised in the above-mentioned measuring practice. It is defined by the landlord for marketing purposes and generally represents the carpeted space of a leased unit.

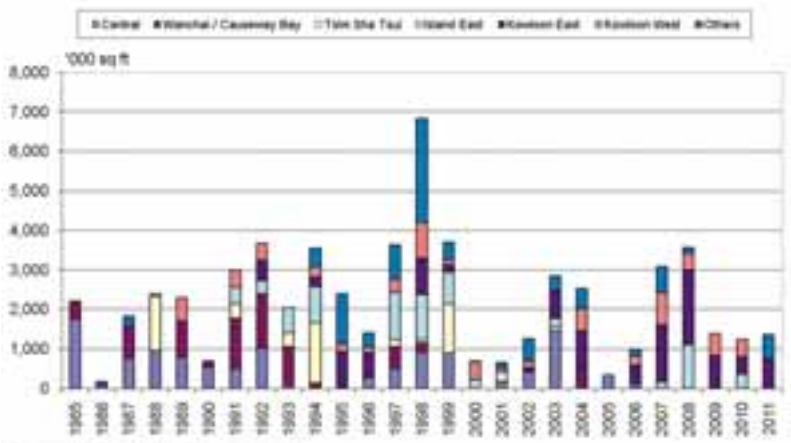
To cater for the requirements of some high-profile tenants, such as investment banks, some landlords are willing to upgrade the specifications of their buildings, such as power supply and chilled water, at their own cost.

At the end of the tenancy, landlords usually reserve the right to require the tenant to reinstate the premises to the original condition. This is an additional cost at the end of the lease term.

4.3 Detailed supply analysis

4.3.1 Historical supply

Grade A office supply by district, 1985–2011



Source: Rating and Valuation Department

Grade A office supply over the late 80s was concentrated in the core areas of Central, Wanchai/Causeway Bay and Tsim Sha Tsui with major projects including the different phases of Exchange Square (completed in 1985 and 1988), Harcourt House (completed in 1987) and Lippo Sun Centre (completed in 1988). Around 90% of new supply completed from 1985 to 1990 came from core business districts, totalling 8.6 million sq ft. Only around 700,000 sq ft of office space came from Kowloon West, with no new supply in either Island East or Kowloon East.

The scarcity of land in prime areas made it increasingly difficult to develop prime offices, and with the improved transport infrastructure and increased office demand in the early 90s, Island East and Kowloon East (mainly Kwun Tong) emerged as new business districts with a number of old industrial buildings being redeveloped into prime office premises, Taikoo Place and the different phases of Millennium City being prime examples. Between 1991 and 1996, a total of 2.3 million sq ft and 2.2 million sq ft of prime office premises were completed in Island East and Kowloon East respectively. Kowloon West also saw 1.5 million sq ft of Grade A offices completed over the period. Nevertheless, there was still room in core areas to accommodate large-scale prime offices, such as Citibank Plaza (completed in 1992), Lee Gardens II (completed in 1992), Times Square (completed in 1993), The Gateway Tower 1 (completed in 1994) and Miramar Tower (completed in phases from 1993 to 1996). New supply from core and non-core areas was split evenly from 1991 to 1996 (8.0 million sq ft and 8.1 million sq ft respectively).

From 1997 to 2006, there were still some large-scale projects completed in core areas, most of them on reclaimed land, but the majority of new supply (66% or 15.5 million sq ft) was erected in decentralised office areas, including Island East (3.5 million sq ft), Kowloon East (3.4 million sq

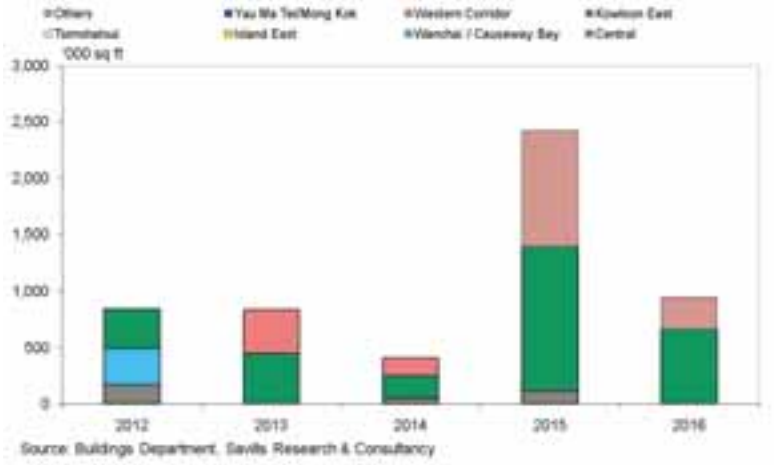
ft) and Kowloon West (2.8 million sq ft). Notably, some large-scale projects were completed outside these three main decentralised areas over the same period, such as Grand Millennium Plaza (COSCO Tower and 181 Queen's Road Central) in Sheung Wan and Cathay City on Lantau Island.

Supply rebounded in 2007 and 2008 with a total of 6.6 million sq ft completed over the period. Many of the large-scale projects were located in Kowloon East, such as Manulife Financial Centre, Landmark East, Manhattan Place and Exchange Tower. These high-quality Grade A buildings have attracted several multinational companies to move across the harbour from Hong Kong Island, including Manulife, AXA and Shell.

Office supply reverted to a low level between 2009 and 2011, when average annual supply stood at around 1.3 million sq ft. The main completions during this period were Phases 2 and 3 of ICC above Kowloon Station, another emerging market accommodating well-known international banks such as Morgan Stanley, Deutsche Bank and Credit Suisse.

4.3.2 Future supply

Grade A office supply forecast by district, 2012–2016



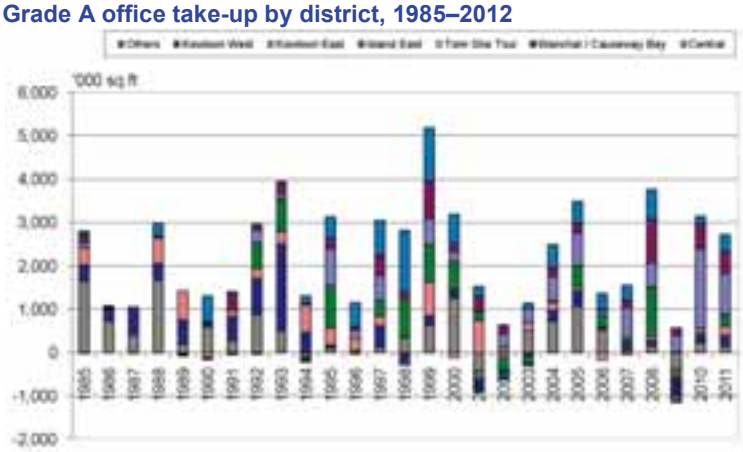
Future Grade A office supply will be concentrated in decentralised areas over the next five years, with a large proportion (2.95 million sq ft or 54%) to be erected in Kowloon East. Larger scale completions in the pipeline include 181 Hoi Bun Road (240,700 sq ft) and 6 Wang Kwong Road (200,000 sq ft), which are expected to be completed in 2013 and 2014 respectively.

A total of 2.4 million sq ft of new supply is expected in 2015, located in decentralised areas. Notably, the largest volume of upcoming supply will be located in the Kowloon East and Shek Mun areas, including a 730,000-sq ft project located at the junction of Wai Yip Street, Shun Yip Street and Hoi Bun Road in Kwun Tong by Wheelock Properties, and two Billion Development projects located along On Kwan Street in Shek Mun.

4.4 Detailed demand analysis

4.4.1 Historical take-up and vacancy rates

Grade A office take-up by district, 1985–2012



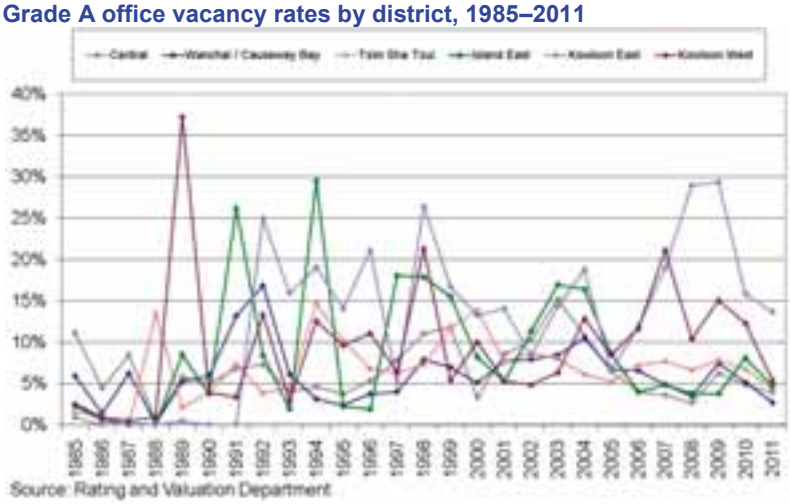
Source: Rating and Valuation Department

Take-up was clustered in core areas over the late 80s in line with the concentration of new supply there over the same period, and a total of 9.1 million sq ft of office space was taken-up in core business districts from 1985 to 1990, representing 87% of total take-up over the period.

The early 90s saw an influx of multinational companies into Hong Kong as they began to establish regional offices in the territory as a springboard into China, and Grade A office take-up increased by 30% to total 13.6 million sq ft from 1991 to 1996. Nevertheless, with the availability constraints in core business districts and the emergence of Kowloon East (mainly Kwun Tong) and Island East as popular decentralised office nodes, take-up in core areas fell to 7.6 million sq ft, representing 56% of total take-up over the period. Take-up in Island East, Kowloon East and Kowloon West over the period amounted to 2.3 million sq ft, 1.4 million sq ft and 1.3 million sq ft respectively.

During the late 90's the market recorded strong take-up in 1999 of over 5 million sq ft with the dotcom boom at its peak, but also witnessed the Asian financial crisis in 1998 and the bursting of the dotcom boom in 2001, which induced negative take-up in certain areas in those years. Although strong office demand for core office space has emerged over recent years with the robust growth experienced by the financial sector, limited availability in these areas has forced tenants to either reconfigure their office space more efficiently to accommodate more headcount, or move their back (and sometimes middle) office operations to decentralised areas. With more and more non-financial tenants willing to relocate to non-core areas in order to save on costs or to consolidate, from 2007 to 2011 a total of 9.9 million sq ft of take-up was recorded in non-core areas, while only 650,100 sq ft was recorded in core locations over the same period. The strong take-up in non-core locations, particularly in Kowloon East, reflected robust decentralised demand, given its relatively low rents and availability of suitable space.

Grade A office vacancy rates by district, 1985–2011



Source: Rating and Valuation Department

Vacancy rates in core areas have remained relatively more stable over the past two decades, as the established business districts account for a relatively large proportion of total Grade A office stock and appeal to a broad tenant base. Decentralised areas, on the other hand, have recorded greater fluctuations in vacancy rates over the years with their relatively smaller stock base, and the addition of major new offices which increase vacancy rates dramatically in particular years as they are leased up.

Both Island East and Kowloon East enjoyed extremely low vacancy rates during the late 80s with limited stock availability. Vacancy rates in both areas surged to over 20% in the early 90s with the gradual completion of different phases of Taikoo Place and Millennium City. Island East saw greater fluctuations as new supply was quickly taken-up in the subsequent one to two years and thus vacancy rates moved between 5% and 20% throughout the 90s. The later phases of Taikoo Place brought vacancy rates in Island East up to 15% in 2003 and 2004, before the robust economic recovery brought vacancy down again to below 5% in 2006. The strong commitment levels at Kerry Centre (382,500 sq ft net) by tenants such as Armani, AIA and Swatch also helped Island East to maintain low vacancy rates in 2010 and 2011.

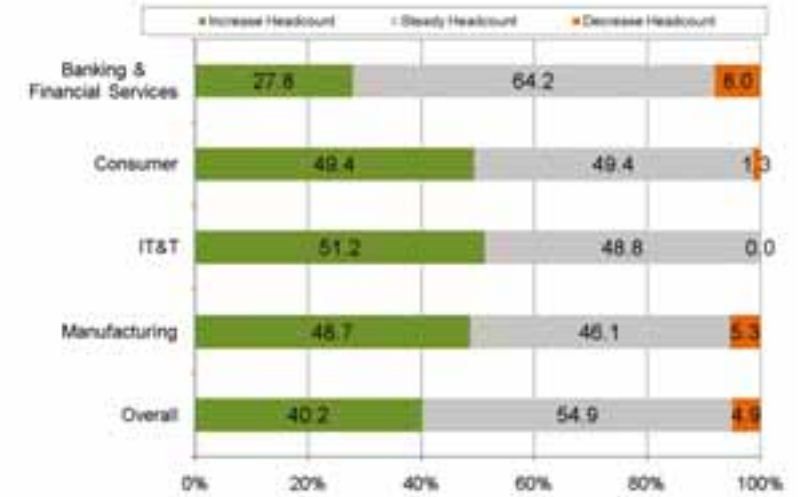
Kowloon East saw a sustained increase in vacancy rates from 2006 to 2009 when Manhattan Place (530,900 sq ft net), Exchange Tower (457,000 sq ft net), Landmark East (890,000 sq ft net) and Manulife Financial Centre (840,600 sq ft net) were completed over the period, ending 2009 at 29%. The relatively low rents in the area induced numerous multinational companies to decentralise (particularly insurance companies), bringing the vacancy rate down during both 2010 and 2011.

Vacancy rates in Kowloon West have been relatively more stable with the exception of two supply spikes in 1989 and 1998, which saw large-scale projects such as Trade Square (230,000 sq ft) and Cheung Sha Wan Plaza (310,000 sq ft), completed in 1989, and Grand Century Place in Mong Kok (700,000 sq ft) completed in 1998, taking vacancy rates above 25%. Nevertheless, vacancy rates quickly returned to 3.9% in 1990 and 5.4% in 1999, reflecting strong demand for good-quality stock within the area.

The completion of Nina Tower (250,000 sq ft net) in 2006 and ICC Phase 1 (722,850 sq ft) in 2007 pushed vacancy rates in Kowloon West up to 21% in 2007. However, with strong financial tenant commitments in ICC (including Morgan Stanley, Deutsche Bank and Credit Suisse), vacancy rates returned to a more typical level of 5.4% in 2011.

4.4.2 Future demand expectations

Employment expectations by industry, Q3/2012



Source: The Hudson Report, Savills Research & Consultancy

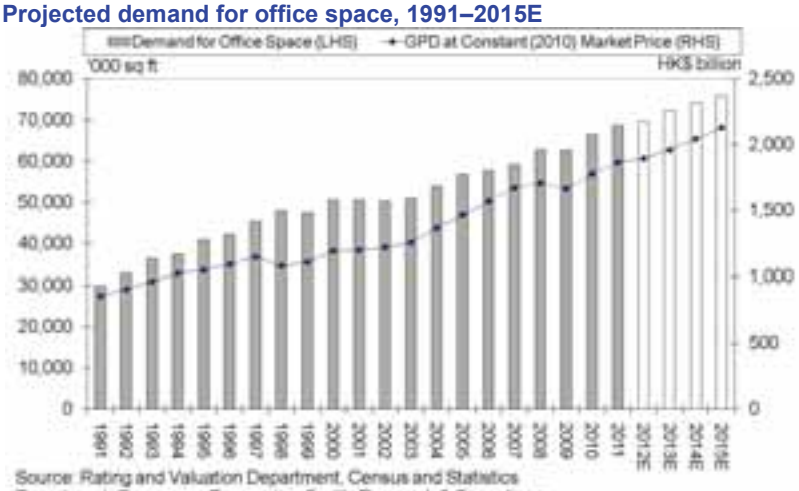
The latest employment expectations survey from the Hudson Report reveals that around 40% of companies surveyed plan to increase headcount over the fourth quarter of 2012. Among the key industry groups surveyed, the IT&T sector was the most optimistic with nearly 51% of IT&T companies expected to hire more personnel, followed by the consumer sector, where around 49% of firms were planning to increase headcount over the fourth quarter of the year. As most of these companies prefer non-core locations, we expect strong demand for non-core area office space to persist in the near future. In other industry sectors, such as banking and financial services, around 28% of companies do not intend to adjust headcount over Q4/2012 and this is likely to have an adverse effect on Central office demand.

4.5 Market outlook

Extrapolating the positive correlation between real GDP and Grade A office demand, and applying real GDP growth rate forecasts provided by FocusEconomics, demand for Grade A offices is projected to reach approximately 69.7 million sq ft by the end of 2012 with take-up slowing to 1.2 million sq ft, as the economic situation is expected to slow, with the real GDP growth rate forecast at below 2%. Office demand is expected to pick up in 2013 with take-up reverting to 2.5 million sq ft given an expected economic recovery. The average annual growth of office demand is then expected to rise by 2.5% per annum from 2014 to 2015, as office take-up is assumed to revert to the 2002 to 2011 average of 1.9 million sq ft per annum. Under these assumptions, Grade A office space demand will reach 75.9 million by the end of 2015.

New supply is not expected to match demand and assuming that there are no major demolitions in the office market for all grades from now until 2015, Grade A office stock is projected to reach approximately 77.9 million sq ft by the end of 2015. Vacancy rates could decrease from approximately 6.6% at the end of 2011 to approximately 2.5% by the end of 2015.

Projected demand for office space, 1991–2015E



Source: Rating and Valuation Department, Census and Statistics Department, Consensus Economics, Savills Research & Consultancy

Manufacturers in Hong Kong will continue to take advantage of the low operating costs in the PRD region and leverage Hong Kong's advanced business services skills, its infrastructure and experience in international trade to expand their businesses. The completion of intra-region transport infrastructure, such as the Hong Kong section of the Guangzhou–Shenzhen–Hong Kong Express Rail Link in 2015, the Tuen Mun–Chek Lap Kok Link and Tuen Mun Western Bypass in 2016 and the Hong Kong–Zhuhai–Macau Bridge in 2016, should further enhance Hong Kong as a regional transportation and logistics hub, therefore providing greater opportunities for trading and logistics companies, and greater office demand as a result. In the longer term, the planned third runway at Hong Kong International Airport, aims to improve passenger and cargo handling capacity.

Increased demand for higher-end services such as personal banking, trade finance, fund raising, law and accounting is expected from the region, as well as the broader PRC. All of these companies are expected to pursue expansion opportunities within the territory, across all business districts.

Supply, take-up and vacancy rates for Grade A offices, 1981–2015E

Source: Rating and Valuation Department, Savills Research & Consultancy

Supply, take-up and vacancy rate forecasts for Grade A offices, 2012–2016E

Year	Stock (sq ft)	Supply (sq ft)	Vacant space (sq ft)	Vacancy rate (%)	Take-up (sq ft)
2012	74,225,395	841,825	4,511,907	6.1	1,152,191
2013	75,062,764	837,369	2,861,696	3.8	2,487,579
2014	75,468,201	405,438	1,406,253	1.9	1,860,880
2015	77,889,422	2,421,221	1,966,594	2.5	1,860,880

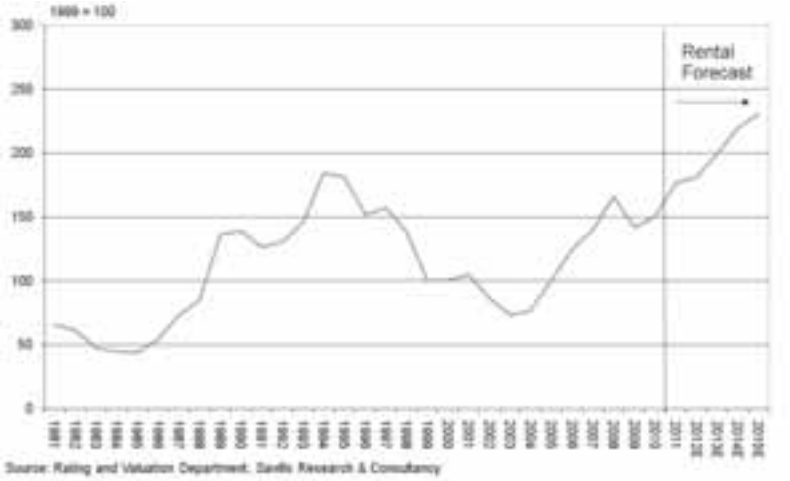
Source: Savills Research & Consultancy

4.5.1 Rental and price forecasts

Grade A office rents have shown a close correlation with GDP growth (positive) and vacant office space (negative) over the past 30 years. Assuming this relationship holds in the future, office rents will stabilise at 0% to 5% growth in 2012 on the back of strong demand in Kowloon, including Tsim Sha Tsui, Kowloon East and Kowloon West. The below-average supply levels in 2013 and 2014 will push the average vacancy rate down from 6.1% in 2012 to nearly 2% by 2014, providing a strong support to rents in those particular years.

The supply threat will come in 2015, when a total of 2.4 million sq ft of Grade A office space will be added to the market, slowing rental growth. Much of the supply in that year will be stratified or owner occupied, however. The supply of space available for lease-only is estimated at approximately 1.23 million sq ft, lower than the actual supply number reported. We therefore expect average Grade A office rental growth to slow to 5% as a result..

Grade A office rental index, 1981–2015E



Grade A office rental forecast, 2012–2015E

Year	Rental growth (%)
2012	**+0 to 5**
2013	**+10.0**
2014	**+10.0**
2015	**+5.0**

Source: Savills Research & Consultancy

The extremely low interest-rate environment is likely to last until mid-2015, according to a press release from the Federal Reserve dated 24 October 2012. Given such a low cost of capital, we expect Grade A office rental yields to stabilise at around 3% over this period. The well supported leasing market, as well as a high inflation environment with low interest rates, will likely push asset prices up by nearly 18% between 2012 and 2014. As prices in core areas are at historical highs, we believe that this 18% potential growth will be concentrated in non-core areas such as Kowloon East.

The recent introduction of a Buyer's Stamp Duty (BSD) and an extended Special Stamp Duty (SSD) may push residential speculators to the strata-title office market, resulting in gains for office prices in the short term.

Interest rates are likely to rise gradually from 2015 as the US economy makes a very gradual recovery. The major projects scheduled for completion in 2015 by Billion Development and Wheelock properties are likely to be available for sale rather than lease, and so we estimate that approximately 1.2 million sq ft of new for-sale office stock will be available to the market at that time.

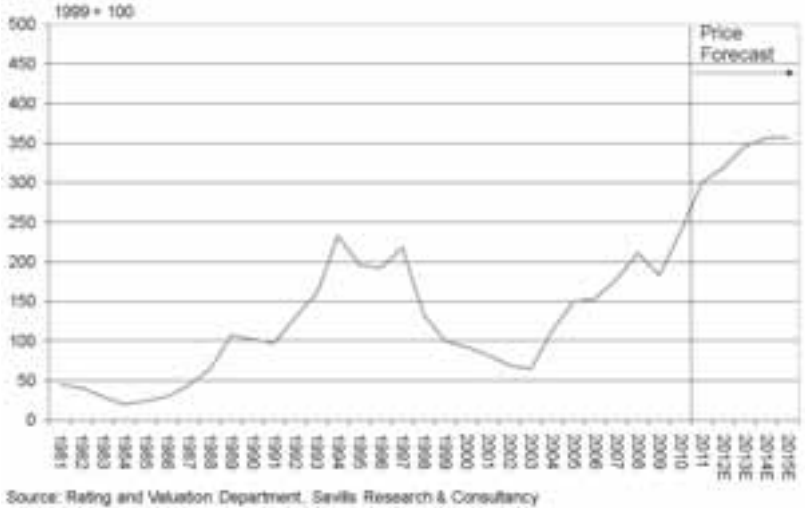
Nevertheless, with the CBD2 initiatives well underway by 2015 more business occupiers, either leasing or buying their own offices, are likely to be interested in relocating to the Kowloon East area and should be able to take up most of the excess supply in that year.

Similar to the retail sector, affordability will eventually become an issue, especially after a 6%-price growth this year, office prices would be 37% higher at the end of 2012 than their previous 1994 peak. Both business conditions and investor sentiment would have to remain extremely buoyant to sustain these levels (rents and prices) beyond 2015.

Extremely limited supply will provide essential support to values. The expected annual average supply of 1.1 million sq ft from 2012 to 2015, which is lower than the 2002 to 2011 average take-up of 1.8 million sq ft, will provide a strong support to rents, and will indirectly drive price growth.

We expect these factors to result in near market equilibrium and thus forecast a stable office price movement in 2015 for the overall market.

Grade A office price index, 1981–2015E



Source: Rating and Valuation Department, Savills Research & Consultancy

Grade A office price and yield forecast, 2012–2015E

Year	Price growth (%)	Yields (%)
2012	**+6.0**	**3.3**
2013	**+8.0**	**3.4**
2014	**+3.0**	**3.6**
2015	**0.0**	**4.0**

Source: Savills Research & Consultancy

5.0 INDIVIDUAL ASSET ANALYSIS

5.1 Location and description

Source: Urbis

Festival Walk is located in Kowloon Tong above a key transportation interchange for the MTR's Kwun Tong and East Rail lines, Hong Kong's primary rail networks. Kowloon Tong is also a traditional luxury residential area, characterised by low-density residential developments. A number of universities are within the vicinity, including the City University of Hong Kong and Hong Kong Baptist University.

Festival Walk is located at 80 Tat Chee Avenue, Kowloon Tong, with a main entrance facing Tat Chee Avenue, and direct access from the MTR, as well as the City University of Hong Kong.

Festival Walk is a 14-storey retail and office complex (including three basement car park levels) with a total GFA of 1.21 million sq ft. Completed in November 1998, the retail portion (Festival Walk Shopping Mall) has seven floors with a total GFA of 980,089 sq ft, with over 200 shops, a seven-screen AMC Theatre and an ice rink. The office portion (Festival Walk offices) has a total GFA of 228,665 sq ft over four floors (typical floor plates of 52,000 to 55,000 sq ft).

As one of the largest malls in Kowloon, Festival Walk Shopping Mall is positioned as an upper-middle market territorial mall in the heart of Kowloon, and aims to be creative and inspirational in style, and accessible in price. Its target customers therefore fall into two quite distinct segments, the first being aspiring teens and young professionals in their 20s and 30s who are looking for style, while the second is affluent professionals in their 40s and 50s and their families who are able to meet a majority of their needs in the mall.

Festival Walk offices, on the other hand, enjoy a niche position in the low-density Kowloon Tong area and provide good-quality office space at a location easily accessible via the MTR rail lines, and proximity to a range of technological, academic and semi-governmental institutions.

The asset has been 100% owned by Mapletree since 18 August 2011. Festival Walk Shopping Mall has won a number of management and environment awards over the years, reflecting the high level of property management at the centre. Important awards include the Merit Award of the Hong Kong Management Association/TVB Award for Marketing Excellence, the Maxi Merit Award of the International Council of Shopping Centres, both in 1999, as well as a Platinum rating from the Hong Kong Building Environmental Assessment Method and a Bronze Award from the Hong Kong Energy Efficiency Awards, both in 2006.

There is also a number of other special features of Festival Walk Shopping Mall worth noting:

- The first AMC multiplex cinema in Hong Kong[58].
- One of the largest ice rinks in Hong Kong – Festival Walk Glacier.
- The first Page One bookstore with an in-store café in Hong Kong.
- The first LOG-ON fashion and lifestyle store in Hong Kong.
- The first agnes b concept store featuring the world's first agnes b fleuriste.
- The first Hennes & Mauritz AB (H&M) store operating in a shopping mall in Asia[59].
- The first Apple store in Kowloon

5.2 Transportation and vicinity

Festival Walk is situated in a prime location in Kowloon Tong, which is a transportation hub for Kowloon and the New Territories. The shopping mall and offices are conveniently located on top of an MTR interchange station for the Kwun Tong and East Rail lines. Kowloon Tong MTR Station is utilised primarily by passengers travelling from the New Territories to both Kowloon East and Kowloon West. The property also has direct access to the public transport interchange which connects to Tsim Sha Tsui, Hung Hom, Diamond Hill, Sha Tin and Tseung Kwan O.

[58] Source: AMC Cinema company website.
[59] Source: H&M company website.

Festival Walk is close to two major trunk roads – Waterloo Road and Lung Cheung Road. Waterloo Road connects Festival Walk to Sha Tin and the rest of the New Territories to the north via the Lion Rock Tunnel, and to Tsim Sha Tsui and Hong Kong Island to the south via Princess Road. Lung Cheung Road provides a link to both Kowloon East and Kowloon West.

Kowloon Tong is a traditional luxury residential area with a number of low-rise residential developments along Waterloo Road. Major luxury residential developments within the vicinity include One Mayfair (120 units), Meridian Hill (103 units), One Beacon Hill (604 units), Mount Beacon (197 apartments and 22 houses), Dynasty Heights (592 units) and Parc Oasis (1,818 units). A list of luxury apartments nearby is shown below. Together with the townhouses scattered along Waterloo Road, the residential developments accommodate a large number of wealthy families in this luxury enclave.

Luxury residential developments in the vicinity of Festival Walk

Development	Year of completion	No. of blocks	No. of units/houses	Area (sq ft)
One Mayfair	2011	6	120	1,352–3,100
Meridian Hill	2011	3	103	1,274–2,107
Eight College	2011	1	7	2,420–3,682
One LaSalle	2009	1	14	2,885–3,261
1 Oxford Road	2009	12	12	7,283–7,762
The Hamptons	2008	1	20	2,220–2,920
Mount Beacon – houses Mount Beacon – apartments	2006 2006	22 5	22 197	1,133–3,780
One Beacon Hill	2004	16	604	1,278–2,900
The Palace	2002	1	94	900–2,300
Peninsula Heights	2000	2	178	1,405–1,670
Dynasty Heights	1998 and 1999	22	592	562–3,026
Parc Oasis	1992, 1994 and 1995	32	1,818	547–1,605
Beacon Heights	1985, 1986 and 1987	14	642	979–1,497
Village Gardens	1986	53	488	763–1,979
Sunderland Townhouses – houses	1983	116	116	1,942–2,009
Sunderland Townhouses – apartments	1983	5	30	
Beverly Villas	1980	10	486	1,308–1,742
Total		**322**	**5,543**	

Source: Savills Research & Consultancy

Kowloon Tong is also regarded as an important educational and research district, with various institutions including the City University of Hong Kong, Hong Kong Baptist University, Hong Kong Institute of Vocational Education – Lee Wai Lee, Australian International School, the Education and Manpower Bureau Kowloon Tong Education Services Centre, Radio Television Hong Kong, the Hong Kong Productivity Council Building and InnoCentre, all located close to Festival Walk.

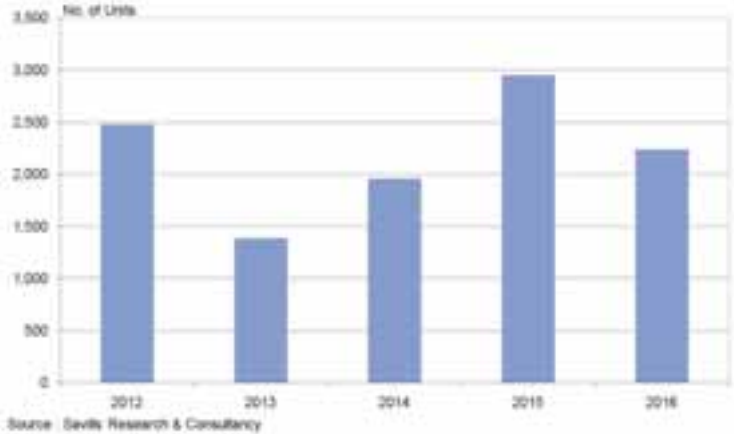
The closest educational institute, the City University of Hong Kong, has a subway connecting directly to Festival Walk. The City University of Hong Kong was founded in 1984 as the City Polytechnic of Hong Kong and was upgraded to a fully self-accrediting university in 1994. The university has a 15.6-hectare campus hosting three colleges (23 departments including the Chinese Civilisation Centre and English Language Centre), three schools and one school of graduate studies. The university currently

accommodates 17,700[60] full-time and part-time students and 931 full-time academic staff[61], and provided 3,673 student hostel places near the campus in 2011/2012[62].

Another university – Hong Kong Baptist University – is also close to Festival Walk. The university has three close-knit campuses: the Ho Sin Hang Campus (site area of 22,000 sq m) on Waterloo Road, the Shaw Campus (site area of 9,000 sq m) on adjacent Renfrew Road and the Baptist University Road Campus (site area of 18,000 sq m). The number of university-based students and full-time staff amounted to 8,564 and 2,516[63] respectively, with another 35,100 continuing education students in 2011/2012[64]. The student halls of residence and NTT International House provide a total of 1,770 residences for full-time students and 164 guestrooms and suites for guests and visitors.

New private residential developments in the primary catchment area are likely to draw more shoppers to Festival Walk, and may change the demographics of the area. The total future residential supply in the primary catchment area between 2012 and 2016 is projected at around 11,016 units, or an average of 2,203 units per annum. Other than Lion Rise (968 units) in Wong Tai Sin, The Coronation (740 units) in the West Kowloon Reclamation area and Park Summit (462 units) in Tai Kok Tsui which are to be completed in 2012, most of the remaining supply in 2012 will come from small projects. In 2013 and 2014, residential supply will be less than 2,000 units per year. In 2015, the largest volume of new supply in the coming five years will be placed on the market, with over 2,900 units in the pipeline. Major projects include the Kowloon Southern Link at Site C (575 units) and Site D (691 units) at Austin MTR Station, and at the junction of Fat Kwong and Chung Hau streets in Ho Man Tin (526 units). In 2016, most of the supply will be located at 389–409 Castle Peak Road, 17–27 High Street and 422–430 Un Chau Street (312 units), and Heya Aqua (208 units) in Sham Shui Po, as well as a project at 139–147 Argyle Street (288 units) in Ho Man Tin.

Future private residential supply in the primary catchment area, 2012–2016

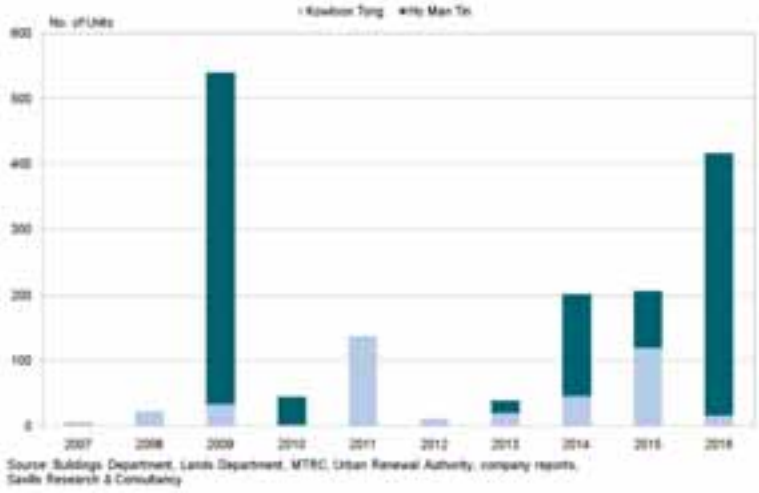


Luxury residential supply (Class D and Class E units[65]) in Kowloon Tong and Ho Man Tin will be low over the next year, with only 11 units and 39 units expected in 2012 and 2013 respectively. However, Festival Walk's primary catchment area will be enhanced by the ongoing development of luxury apartments and townhouses in the vicinity from 2014 to 2016. In 2014 and 2015, luxury residential supply in Kowloon Tong and Ho Man Tin will increase to over 200 units, while 416 units are expected in

[60] The figures exclude 213 students enrolled in a foundation year, which is a one-year residential course for students recruited largely from mainland China, in preparation for their entry to undergraduate programmes.
[61] Figure up to 31 October 2012. Source: The City University of Hong Kong.
[62] Facts and Figures. Source: The City University of Hong Kong.
[63] Student and staff figures up to 31 October 2012. Source: Hong Kong Baptist University.
[64] Facts and Figures 2011–2012. Source: Hong Kong Baptist University.
[65] Class D and E units are defined by the Rating and Valuation Department as residential units of over 100 sq m of saleable area.

2016. This will result in more high net worth individuals and wealthy families moving into the area, with nearby retail stores and shopping malls benefiting from their higher consumption power.

Prime residential (Class D and Class E units) supply in Kowloon Tong and Ho Man Tin, 2007–2016



5.3 Festival Walk performance

5.3.1 Festival Walk Shopping Mall

5.3.1.1 Lease expiry profile

Percentage of leases expiring[66] (by gross rental income[67] and lettable area[66])

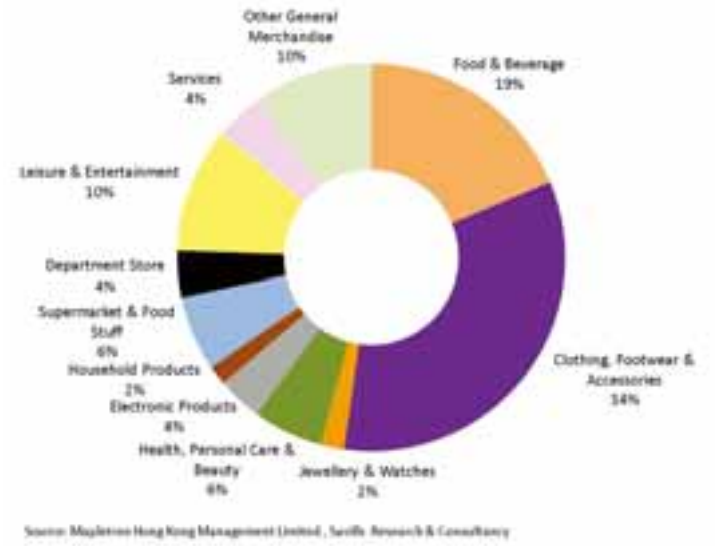
[66] As of 30 September 2012.
[67] For the month of September 2012.

The lease expiry profile of Festival Walk Shopping Mall shows that the majority of the lease expirations will occur in FY2013/14 and FY2014/15, with 58% in terms of area and 63% in terms of gross rental income to expire in those two years. Meanwhile, shopping centre supply in 2013 and 2014 will amount to 203,000 sq ft and 397,000 sq ft respectively, significantly below the ten-year average annual supply of over 1.16 million sq ft from 2003 to 2012. Furthermore, new retail supply in the pipeline over the next two years is not expected to compete directly with Festival Walk Shopping Mall due to differences in location and/or market positioning.

New supply in 2013 and 2014 will only average 200,000 sq ft per annum with all the centres sized below 110,000 sq ft. These developments are believed to be positioned as neigbourhood centres serving their respective local catchments and do not represent an immediate threat to Festival Walk.

5.3.1.2 Tenant mix

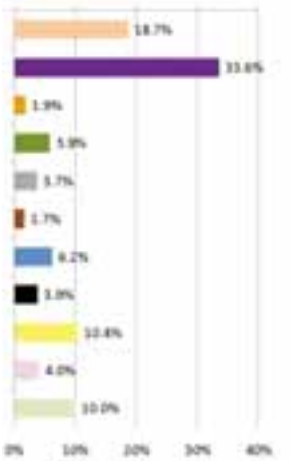
Retail tenant mix by lettable area, Nov 2012



The clothing, footwear & accessories sector (34%) represents the major retail tenant type in Festival Walk, followed by F&B (19%) and entertainment (10%), which comprises mostly the ice rink and the cinema.

Other territorial malls (average), Nov 2012[68]

Festival Walk, Nov 2012



When comparing the trade mix composition offered by Festival Walk with other territorial malls in Hong Kong, Festival Walk is generally in line with its counterparts in terms of offerings and variety. Festival Walk has a higher provision of entertainment, apparel and fashion, as well as lifestyle trades including household products and bookstores, than the average territorial mall. This provision caters to the customer profile of its immediate catchment, which comprises affluent families from Kowloon Tong, and young and trendy shoppers from the university and higher education institutes in the vicinity.

Festival Walk has fewer jewellery and watch shops (1.9% of the total leased area) than the overall average of 10.2%, making this the fourth largest sector in other territorial malls in terms of leased area. We believe that the trade mix of other territorial malls in Hong Kong is more geared towards mainland shoppers who favour this type of merchandise. Moreover, department store provision at Festival Walk is also lower than the overall average, as cosmetics products, which are usually found in department stores, are represented by stand alone cosmetics brands in Festival Walk.

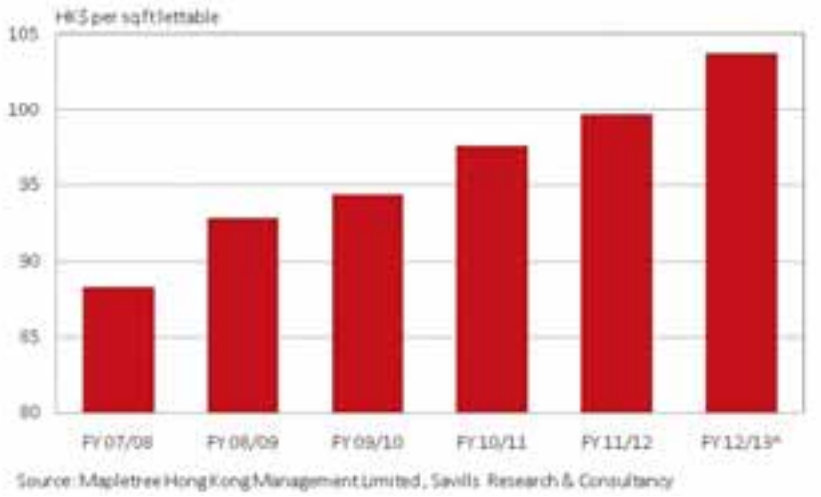
5.3.1.3 Occupancy rates

Festive Walk Shopping Mall has maintained full occupancy over the past few years, reflecting the popularity of the shopping mall among both locals and visitors, as well as the effectiveness of lease management strategies.

[68] Territorial malls include IFC mall, Lee Gardens 1 & 2, Pacific Place, The Landmark, Times Square, Hysan Place, Elements and Harbour City.

5.3.1.4 Average rents

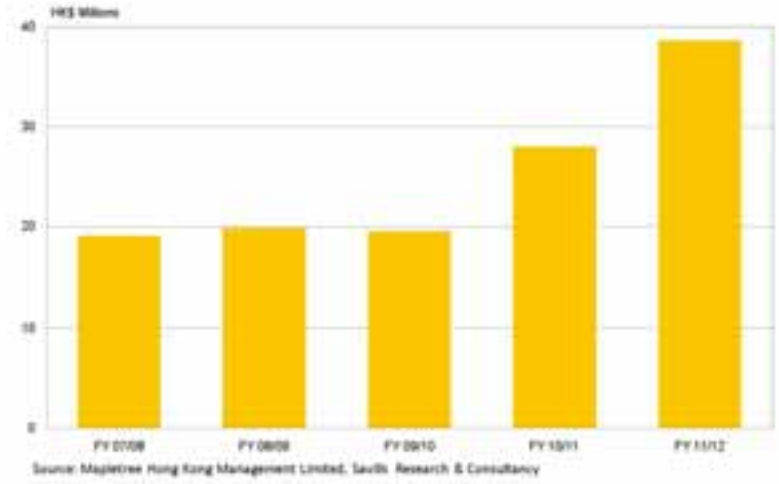
Average retail passing rents[69], 2007/2008FY–2012/2013FY^



^Up to September 2012.

Retail rents at Festival Walk have grown steadily over the past few years, despite the global financial crisis in 2008, with average rents rising by more than 5% over the preceding financial year (FY). Retail passing rents at Festival Walk continued to grow at an average of 2.43% per annum from 2009/2010 to 2011/2012. With the ongoing rebalancing of the tenant mix, average rents increased by a further 4% over the first half of 2012/2013, to HK$103.7 per sq ft.

Retail turnover rents, 2007/2008FY–2011/2012FY



Retail turnover rents are more affected by the business performance of tenants, and hence general economic conditions. Turnover rents at Festival Walk remained relatively static during and after the bankruptcy of Lehman Brothers and the global financial crisis, with modest

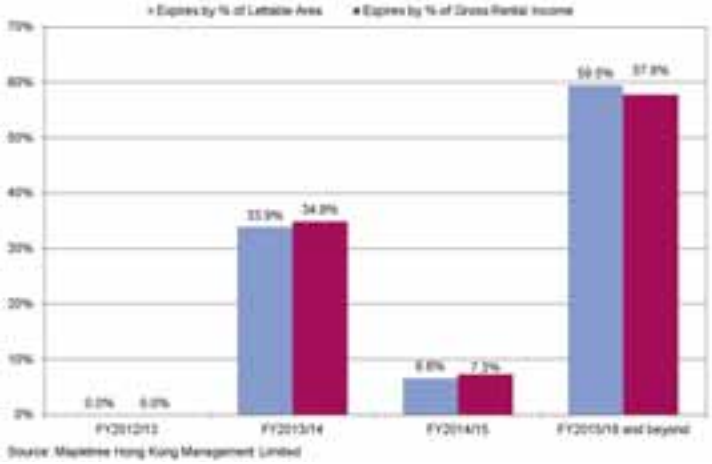
[69] Average passing rents are calculated by dividing total base retail passing rents by total lettable retail area.

negative growth recorded over 2009/2010. With the improvement in consumer confidence and robust retail market conditions, retail turnover rents at Festival Walk rebounded by over 43% in 2010/2011. Turnover rents in 2011/2012 continued to grow by over 38%, supported by the strong business growth of the retail tenants at the mall.

5.3.2 Festival Walk offices

5.3.2.1 Lease expiries

Percentage of leases expiring[70] (by gross rental income[71] and lettable area[70])

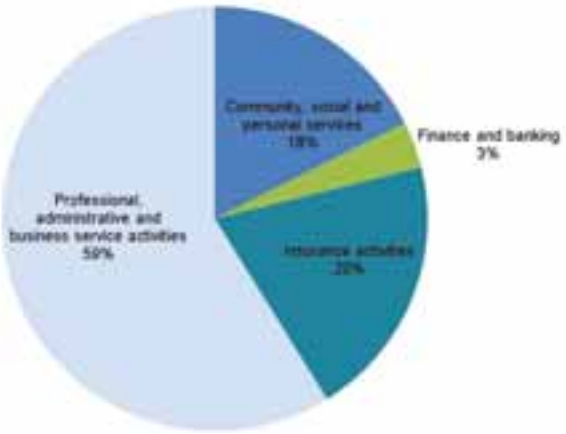


Festival Walk office tenant lease expiries will be concentrated in FY2015/16 and beyond, with leases on 60% of the office space and 58% of income, including its anchor tenant Ove Arup, expiring in those years. Leases on only 34% and 6% of space will expire in FY2013/14 and FY2014/15 respectively. This lease expiry pattern should help Festival Walk offices to avoid the office market peak supply period in 2015 (2.4 million sq ft net).

[70] As of 30 September 2012.
[71] For the month of September 2012.

5.3.2.2 Tenant mix

Office tenant mix by lettable area[72], Q3/2012



Source: Savills Research & Consultancy

There are less than five office tenants in Festival Walk, which is easily manageable. Major business types include professional, administrative and business service activities (59%), followed by insurance (20%), and community, social and personal services (18%). Nevertheless, one tenant alone occupies over 120,000 sq ft of space and thus the future leasing performance of Festival Walk offices will depend heavily on the outcome of negotiations with this particular tenant.

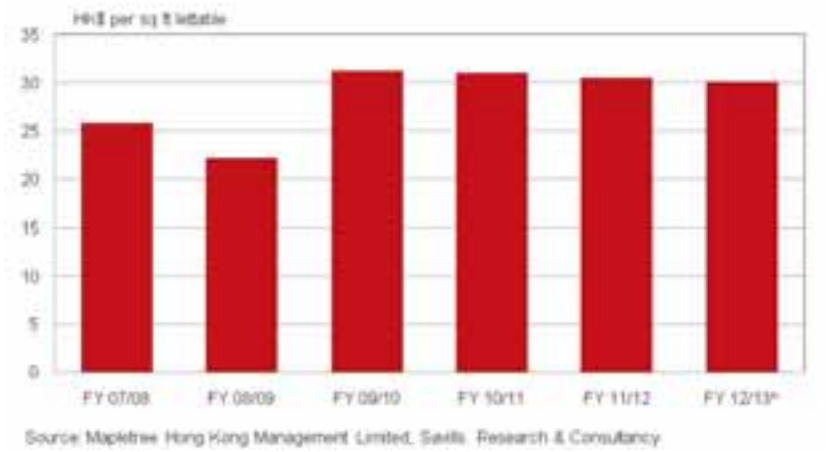
5.3.2.3 Occupancy rates

The office portion enjoyed full occupancy in 2011 and 2012, reflecting the strength of demand for office space in non-core locations and its popularity among both local firms and multinational corporations. The high level of occupancy is also evidence of the effectiveness of lease management strategies. The presence of a professional anchor tenant also helps raise the profile of Festival Walk.

[72] Excluding Mapletree's management office.

5.3.2.4 Average rents

Average office rents[73], 2007/2008FY–20 12/2013FY



^Up to September 2012.

Average passing rents increased by 21% from 2007 to 2009 despite the market downturn, reflecting the resilience of the office portion in the face of adverse market conditions. Average office rents have stabilised at HK$30 per sq ft (lettable), higher than other non-core areas.

5.4 Comparables and SWOT analysis

In this section, a number of comparable retail and office premises have been selected to help identify the competitive edge of Festival Walk, as well as any potential competition the mall is facing. A SWOT analysis of both the retail and office portions of Festival Walk will also be presented as a conclusion to the section.

5.4.1 Festival Walk Shopping Mall

5.4.1.1 Comparables analysis

We have chosen six comparables to Festival Walk Shopping Mall, all of which are classified as regional or territorial shopping malls, have direct access to a railway station and have floor areas of 600,000 sq ft and above.

Langham Place

Address	8 Argyle Street
District	Mong Kok
Station	Mong Kok MTR Station
Year of completion	2004
Retail floor area (sq ft gross)	589,844
No. of retail storeys	15
No. of car parking spaces	255

Source: Savills Research & Consultancy

[73] Average passing rents are calculated by dividing passing rents by office area.

The Langham Place Mall is part of Langham Place, an integrated commercial development which also comprises a Grade A office block and a 5-star hotel. It is the second largest shopping centre in Mong Kok. It is positioned as a lifestyle fashion mall which aims to attract young and trendy shoppers, with 40% of its retail tenants accounted for by fashion-related retailers. According to the owner's annual report in 2011, the Mall has daily shopper traffic of between 200,000 to 300,000 people.

In terms of operating performance, according to Champion REIT's 2012 interim report, average monthly passing rents of the Mall stood at HK$102.65 per sq ft lettable in June 2012 (4.2% year-on-year growth), while turnover rent added another HK$20.64 per sq ft lettable over the same period, a 75% year-on-year increase. As reported by the owner, the Mall remained virtually fully let at mid-year 2012.

New Town Plaza I and III

Address	I (18 Sha Tin Centre Street); III (2–8 Sha Tin Centre Street)
District	Sha Tin
Station	East Rail Line, Sha Tin MTR Station
Year of completion	I (1984); III (1991)
Retail floor area (sq ft gross)	I (1,300,000); III (350,000)
No. of retail storeys	I (9); III (3)
No. of car parking spaces	–

Source: Savills Research & Consultancy

New Town Plaza I and III are connected to each other, and together provide a total retail area of 1,650,000 sq ft, constituting the largest retail facility in Sha Tin. The sheer size of the shopping mall attracts not only Sha Tin residents, but also residents living in other districts, as well as mainland tourists. This large-scale shopping mall provides shoppers with a wide variety of choices, ranging from large department stores to small boutiques. The landlord has continued to upgrade the mall specifications, and improve the trade and tenant mix in the mall since 2007, bringing in a number of international fashion, mid-range luxury and cosmetics brands to Phase I, which now attracts more mainland visitors.

APM

Address	418 Kwun Tong Road
District	Kwun Tong
Station	Kwun Tong Line, Kwun Tong MTR Station
Year of completion	2004
Retail floor area (sq ft gross)	598,000
No. of retail storeys	9
No. of car parking spaces	330

Source: Savills Research & Consultancy

APM is one of the most popular shopping malls in Kwun Tong District, attracting high volumes of visitors. The name APM is a combination of am and pm, reflecting the late-night shopping concept for which the centre is well known. APM appeals particularly to young shoppers. Many retailers at APM stay open until midnight and restaurants remain open until 2:00 am. The various events held in the shopping mall throughout the year, including autograph events for pop singers and mini-concerts, have helped the premises to maintain a high profile in the district.

Elements

Address	1 Austin Road West
District	Tsim Sha Tsui
Station	Airport Express/Tung Chung Line, Kowloon MTR Station
Year of completion	2006
Retail floor area (sq ft gross)	890,070
No. of retail storeys	4
No. of car parking spaces	1,700

Source: Savills Research & Consultancy

Elements is positioned as an upscale shopping mall and is located above the Airport Express Line and Kowloon MTR Station. It is part of a mixed-use development comprising Grade A offices, namely ICC, and two five-star hotels, namely W Hotel and the Ritz-Carlton Hotel. ICC was completed in 2010 and is the tallest office tower in Hong Kong. Geared toward the high-end market, the shopping mall houses more than 200 stores, including leading international fashion brands and renowned restaurants. Given its large floor plate, the mall can accommodate almost all of the stores over just two levels, and offers shoppers a spacious shopping experience.

Grand Century Place

Address	193 Prince Edward Road
District	Mong Kok
Station	East Rail Line, Mong Kok East MTR Station
Year of completion	1997
Retail floor area (sq ft gross)	725,000
No. of retail storeys	7
No. of car parking spaces	380

Source: Savills Research & Consultancy

Completed in 1997, Grand Century Place is an office, retail and hotel complex strategically located in Mong Kok. The property is highly accessible via all means of transportation, including buses and trains. The mall is located above the East Rail Line Mong Kok East MTR Station, while Mong Kok MTR Station is less than ten minutes away on foot via overhead footbridges. The retail portion of the complex comprises a total area of approximately 725,000 sq ft, providing a one-stop shopping and dining experience.

MegaBox

Address	38 Wang Chui Road, Kowloon Bay
District	Kowloon Bay
Station	Kwun Tong Line, Kowloon Bay MTR Station
Year of completion	2006
Retail floor area (sq ft gross)	1,145,537
No. of retail storeys	17
No. of car parking spaces	1,000

Source: Savills Research & Consultancy

Mega Box offers a “Big Box” concept with an eye-catching architectural design. The building design of Mega Box is aimed to cater for large tenants who have space requirements of at least

10,000 sq ft, and the mall is positioned as a home improvement centre. The shopping mall also features the first international-size ice rink and IMAX Theatre in Hong Kong. However, the lack of covered walkways or overhead footbridges directly linking the shopping mall to Kowloon Bay MTR Station is a discouraging factor to some shoppers, despite the fact that the shopping mall is only a ten-minute walk from the MTR station.

5.4.1.2 SWOT analysis of Festival Walk Shopping Mall

Strengths

Festival Walk Shopping Mall is easily accessible from the north and south via the MTR East Rail Line, and from the west via the Kwun Tong MTR Line, whereas the other comparables are only served by one railway line.

Over 70% of households in the neighbouring Kowloon Tong area have a monthly household income of HK$30,000 and above, which provides a regular customer base with high spending power. In addition, the proximity of Festival Walk Shopping Mall to the campuses of both the City University of Hong Kong and Hong Kong Baptist University provides another customer base of the young and affluent.

The variety of shopping and F&B offerings available in the Mall helps to attract a wide range of customers from different age groups and backgrounds. The provision of leisure features, comprising a multi-screen cinema and ice rink, has enhanced the attractiveness of the Mall as a multi-functional, one-stop shopping and leisure destination.

Weaknesses

Festival Walk is located in Kowloon Tong, which is not a traditional tourist/retail district. Mainland visitors arriving via air or sea may not regard Kowloon Tong as a viable destination.

Kowloon Tong is a decentralised office location without a significant cluster of nearby office premises. The working population catchment within the locality is therefore very limited.

Opportunities

The primary catchment of Festival Walk has 29 new high-end residential developments in the pipeline over the next four years from 2013 to 2016, providing a total of 864 luxury apartments and townhouses. This will provide a steady stream of local affluent families to the area which are expected to be regular shoppers at the mall.

The City University of Hong Kong has recently completed two new buildings at their main campus in Kowloon Tong. Situated opposite Festival Walk, Academic 2 (AC2) and Academic 3 (AC3) are providing over 430,000 sq ft of additional space for course development. The number of students is expected to increase with the additional teaching facilities and lecture theatres.

Situated next to the East Rail Kowloon Tong MTR Station, one of the major interchanges for trains to mainland China, the mall is highly accessible to mainland visitors especially day trippers. With a suitable trade and tenant mix, the mall should be able to attract an increasing number of same-day mainland visitors who are less likely to travel as far as the core urban areas for shopping.

Limited new supply of retail malls over the next five years should reduce competition for tenants and shoppers, and provide Festival Walk with an opportunity to build market share.

Threats

The upgrading of New Town Plaza could be a major threat to Festival Walk. However, threats are considered limited given that most new completions scheduled over the next few years will not compete directly with the Mall, given differences in location and market positioning.

5.4.2 Festival Walk offices

5.4.2.1 Comparables analysis

We have chosen four comparables to Festival Walk offices, all of which are located in decentralised office areas, have direct access to an MTR station, with floor plates of close to 20,000 sq ft and a sizeable shopping mall below.

The Metropolis Tower

Address	6 and 10 Metropolis Drive
District	Hung Hom
Station	Hung Hom MTR Station
Year of completion	2001
Office GFA (sq ft)	271,400
Floor plate (sq ft)	18,200
Efficiency (%)	75–80
No. of towers	1
No. of office storeys	15
No. of car parking spaces	400
No. of passenger lifts	6
Raised floor	Yes
A/C system	Fancoil
Major tenants	Canon HK, NEC HK and Heidelberg Hong Kong

Source: Savills Research & Consultancy

The Metropolis Tower is located opposite Hung Hom MTR Station, and is close to Tsim Sha Tsui East, a traditional office area mainly accommodating trading and consumer goods companies. The total area of the Metropolis complex amounts to 1.42 million sq ft, including offices, a shopping mall, a hotel and serviced apartments, and the office portion has a GFA of 271,400 sq ft. The office floor plate is slightly less than 20,000 sq ft and the tenant profile features mainly small- to medium-sized tenants (representing space requirements of less than 5,000 sq ft). Major tenants include Canon, NEC and Heidelberg.

Grand Century Place

Address	193 Prince Edward Road
District	Mong Kok
Station	Mong Kok East MTR Station
Year of completion	1997
Office GFA (sq ft)	475,000
Floor plate (sq ft)	21,600
Efficiency (%)	75–80
No. of towers	2
No. of office storeys	12 (Tower 1), 11 (Tower 2)
No. of car parking spaces	405

No. of passenger lifts	16
Raised floor	No
A/C system	Fancoil
Major tenants	Johnson & Johnson, JF Asset Management and Mass Mutual

Source: Savills Research & Consultancy

Grand Century Place was completed in 1997 and is a commercial complex providing 480,000 sq ft of offices (two towers), 720,000 sq ft of retail space and a 693-room hotel, the Royal Plaza Hotel. The development sits on top of Mong Kok East MTR Station and is located near a bus terminal. There are footbridges connecting to Mong Kok MTR Station. A typical office floor plate measures around 22,000 sq ft and major tenants include multinational companies such as Johnson & Johnson, JF Asset Management, Mass Mutual and Ove Arup & Partners.

Langham Place

Address	8 Argyle Street
District	Mong Kok
Station	Mong Kok MTR Station
Year of completion	2004
Office GFA (sq ft)	730,000
Floor plate (sq ft)	17,400
Efficiency (%)	68–73
No. of towers	1
No. of office storeys	59
No. of car parking spaces	250
No. of passenger lifts	16
Raised floor	Yes
A/C system	VAV
Major tenants	Sears Buying Services Inc, Pure Yoga and GE Medical Systems

Source: Savills Research & Consultancy

Langham Place is located in the heart of Mong Kok with direct access to Mong Kok MTR Station. The development complex has a 730,000-sq ft office block, a 600,000-sq ft retail mall and a 508,000-sq ft hotel component. A majority of the office tower enjoys unobstructed views over Kowloon and Hong Kong Island. The typical office floor plate is slightly smaller at 18,000 sq ft. Major tenants include Sear Buying Services Inc, Pure Yoga and GE Medical Systems. In terms of operating performance, average monthly passing rents increased by 4.3% year-on-year to reach HK$28.09 per sq ft in June 2012, and the occupancy rate of the tower stood at 98.0% over the same period, according to the owner's interim report of 2012.

Grand Central Plaza

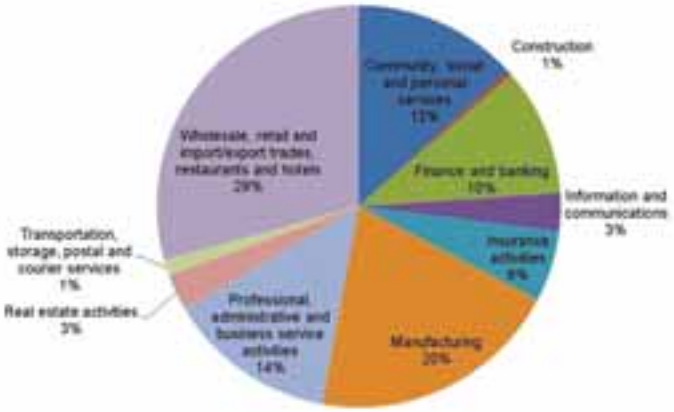
Address	138 Sha Tin Rural Committee Road
District	Sha Tin
Station	Sha Tin MTR Station
Year of completion	1995
Office GFA (sq ft)	431,000
Floor plate (sq ft)	18,900
Efficiency (%)	75–80
No. of towers	2

No. of office storeys	16
No. of car parking spaces	456
No. of passenger lifts	16
Raised floor	No
A/C system	Fancoil
Major tenants	AECOM Asia and JP Morgan NA

Source: Savills Research & Consultancy

Grand Central Plaza is one of the major Grade A office buildings in Sha Tin and the New Territories. It is located directly opposite Sha Tin MTR Station, which is within a two-minute walk. The building is also well served by a bus and minibus terminal nearby. The complex comprises 431,000 sq ft of offices (two towers) and a 310,000-sq ft retail component. The Grand Central Plaza – JP Morgan Tower is strata titled and Tower II is still owned by the developer. Major tenants include AECOM Asia, JP Morgan NA, Fujikon Industrial and Jetmax.

Comparables tenant mix, Q3/2012



Source: Savills Research & Consultancy

The tenants in the four comparables have a diverse profile. The majority of the tenants among the four comparables are mainly in the wholesale, retail and import/export trades, restaurants and hotels industry, amounting to 28% of the floor area, followed by manufacturing with 21% of the floor area. The finance and banking, and insurance sectors combined cover 16% of the office area of the all the comparables. Professional, administrative and business services activities account for 14% of the floor area.

5.4.2.2 SWOT analysis of Festival Walk offices

Strengths

Festival Walk offices are accessible via MTR and many other public transportation options including buses and taxis.

The much larger-than-average floor plates (52,000 sq ft to 55,000 sq ft), open office design, natural lighting and modern layout are unrivalled by other comparables, where most offer only standard office layouts with floor plates of around 20,000 sq ft.

The proximity of Festival Walk offices to both the campuses of the City University of Hong Kong and Hong Kong Baptist University has also made it a potential choice for administrative offices

and other academic requirements, a unique attraction of Festival Walk offices not seen in other comparables.

Festival Walk rents are competitive within the marketplace and are currently 69% below Central and 44% below Causeway Bay, making the offices a cost-effective location from which to do business.

Weaknesses

Festival Walk offices are located in Kowloon Tong, without support from any nearby office clusters. Tenants relocating from core business districts may not regard Kowloon Tong as their preferred location given the limited number of local office tenants.

The open office layout of Festival Walk offices is appealing, particularly to architects and design houses, but may not be as attractive to other business categories which put more weight on cost factors.

The existence of an anchor tenant (leasing nearly half of the office space) helps to stabilise rental income, but the reliance on one tenant may weaken the bargaining power of the landlord upon renewal, although the tenant has occupied the space in Festival Walk offices since its opening.

Opportunities

As Hong Kong is poised to develop into an education hub in the region, more demand for lecture space and other office requirements from educational institutions is expected. Festival Walk offices are therefore set to benefit from this trend as they are strategically located close to some of the top universities in Hong Kong.

Hong Kong's substantial ongoing infrastructure projects should benefit the design, architecture and construction industries, and thus induce demand for office space as their businesses expand. Festival Walk offices should stand to benefit given their unique appeal to these types of companies.

High costs and a lack of new supply in traditional business districts will continue to drive office tenants to decentralised markets over the next few years. With its excellent transport links and high level of specification, Festival Walk offices are well positioned to capture this demand.

The ongoing development of Kowloon East and Kowloon West is helping to establish the peninsula as a business hub to complement the traditional business districts located on Hong Kong Island.

Threats

The risk of losing its anchor tenant in 2018 means that the management of Festival Walk offices should plan carefully for renewal by identifying at least one replacement tenant or consider sub-dividing the space.

5.5 Outlook

5.5.1 Festival Walk Shopping Mall

As previously discussed in Section 5.4, Festival Walk Shopping Mall faces little competition from 2012 to 2016 as new completions are unlikely to compete directly with the shopping mall. The leasing and property management teams have in the past proved adept at balancing the tenant mix to enhance the positioning and build the image of the mall.

The location of the asset over an important public transportation node will continue to benefit the mall in terms of footfall. The ongoing fine-tuning of the tenant mix will allow the asset to respond to changing market needs and changes in consumer behaviour. This will enhance the asset's positioning as an upper/middle market territorial mall and help maintain its competitiveness in the marketplace.

As a mature and stablised shopping mall currently enjoying full occupancy, we expect the concentration of lease expiries in FY2013/2014 and FY2014/2015 (400,000 sq ft lettable in total) to provide an opportunity for the further refinement and rebalancing of the trade and tenant mix, and thus for a possible uplift in rents (both base and turnover rents) to above-market averages.

With a greater effort to market the mall to wealthy tourists from mainland China, the number of mainland tourists visiting the mall is expected to increase over time, and a larger part of the trade and tenant mix could therefore be geared towards this lucrative shopper segment. An increase in the number of same-day visitors from China (as opposed to overnight visitors) suggests that malls located within easy reach of the border will stand to benefit. Kowloon Tong is located 37 minutes via East Rail from the Lo Wu border crossing.

The mall is expected to outperform the overall market's long-term growth of around 11% in FY2013/2014 and FY2014/2015, with more lease expiries providing an opportunity to reposition the tenant mix, which could result in higher rental growth rates. The performance of the mall is forecast to improve alongside the overall market in FY2015/2016.

Average rental growth projections for the overall retail market and Festival Walk Shopping Mall, 2012/2013FY–2015/2016FY

Year	Overall retail market[74] (%)	Festival Walk Shopping Mall[75] (%)	Events related to Festival Walk Shopping Mall
2012/2013	+18	+20	Extensive marketing to wealthy mainland tourists
2013/2014	+11	+15	Concentration of lease expiries gives rise to opportunities for rebalancing the tenant mix for rental uplift
2014/2015	+12	+15	Concentration of lease expiries gives rise to opportunities for rebalancing the tenant mix for rental uplift
2015/2016	+11	+11	Limited new supply competing directly with the mall

Source: Savills Research & Consultancy

[74] Adjustments to retail rental growth rates have been made to reflect the financial year basis of this table, and thus the growth rates are different from those presented in Section 3.3.1, which are based on calendar years.
[75] Includes both base rents and turnover rents.

5.5.2 *Festival Walk offices*

Festival Walk offices have been enjoying full occupancy and a stable rental income over the past few years. With its easy accessibility and unique appeal to both design and architecture firms as well as educational institutes, sectors which are expected to flourish over the next few years, demand for Festival Walk offices should remain strong over the period.

The extremely tight availability in the decentralised office market means tenants, especially large space occupiers, are presented with a very limited choice upon lease expiry. The only confirmed supply will result from the redevelopment of Somerset House in Island East (with Cornwall House and Warwick House also in the pipeline but with no definite timing) which will take out 670,000 sq ft of office space in decentralised areas over the next nine to 12 months before adding back an additional 1,000,000 sq ft of new office space in 2017. Given the lack of competition from new supply, alongside possible displacement demand from Somerset House tenants, the landlord of Festival Walk offices should be in a strong position in lease negotiations and thus we expect rental growth to outperform in FY2012/2013 as well as FY2013/2014. Afterwards, rental growth should be more in line with the overall market.

Average rental growth projections for the overall office market and Festival Walk offices, 2012/2013FY– 2015/2016FY

Year	Overall office market[76] (%)	Festival Walk offices (%)	Events related to Festival Walk offices
2012/2013	+4	+6	Strong landlord position with limited availability and additional demand from Somerset House demolition
2013/2014	+10	+12	Strong landlord position with limited availability and additional demand from Somerset House demolition
2014/2015	+9	+9	Limited new supply competing directly with the offices
2015/2016	+4	+4	Limited new supply competing directly with the offices

Source: Savills Research & Consultancy

5.6 Investment analysis

Shopping centre[77] transactions in Hong Kong have been limited over the past five years as many shopping centres in prime locations, regardless of whether they are core or non-core retail areas, are tightly held by developers and only a handful are generally available for sale.

The success of decentralised office areas has prompted tremendous buying interest in prime Grade A offices in those areas over the past five years, while the increasing presence of mainland banks has seen several significant office deals done in both core and non-core business districts.

[76] Adjustments to retail rental growth rates have been made to reflect the financial year basis of this table, and thus the growth rates are different from those presented in Section 4.5.1, which are based on calendar years.
[77] Excluding multi-floor retail units which are often occupied by one or more retailers and which are not branded or managed as a shopping centre and have no specific trade/tenant mix.

Major shopping centre transactions, 2007–2012

Transaction date	District	Property	Unit	Consideration (HK$)	Gross area (sq ft)	Gross unit price (HK$ per sq ft)	Vendor	Purchaser
Jan-07	Mong Kok	Mong Kok Computer Centre, 8–8A Nelson Street	1/F and others	750,000,000	26,000	28,846	Standard Investment	Preciousbud Ltd
Feb-07	Mong Kok	Golden Plaza, 745–747 Nathan Road	B/F–G/F and others	515,000,000	N/A	N/A	Perfect Manor Ltd	Bliss Investments Ltd
May-07	Tai Po	La Fontaine, 6 Chui Lok Street	Comm'l podium incl common area and service facilities	120,200,000	29,804	4,033	Great Rich Holdings Ltd	Fu Lam Finance Co Ltd
Jun-07	Tsuen Wan	Allway Gardens Shopping Centre and car parks	Ph 1 G/F and 2/F, Ph 2 G/F and M/F, Ph 3 6/F and car parks	221,800,000	223,000	995	Goldhill Investments Ltd	Max Rainbow Enterprise Ltd
Sep-08	Tung Chung	Seaview Crescent	Kindergarten and Retail Shop	100,000,000	38,000	2,632	Newfoundworld Site 3 (Retail) Ltd	Grand Idea Enterprises Ltd
Apr-09	Tin Shui Wai	Grandeur Terrace	G/F–1/F	303,000,000	46,716	6,486	Rich Score Development Ltd	New Golden Investments Ltd
Jul-09	Sham Shui Po	Golden Centre, 94 Yen Chow Street, 146–152 Fook Wa Street	G/F–1/F	287,000,000	28,800	9,965	China Wealthy Enterprises	Mega View Investments Ltd
Oct-09	North Point	Fitfort, Healthy Gardens, 560 King's Road	Retail Podium	935,000,000	124,149	7,531	Wheelock Properties	Emperor Group
Nov-09	North Point	Fortress Tower,250 King's Road	G/F–1/F	355,000,000	38,349	9,257	Golden Place Investments Ltd	Kam Wah Property Investment Ltd
Jan-10	Sham Shui Po	Beacon Lodge, 338 Shun Ning Road	Commercial podium	120,000,000	22,429	5,350	Urban Renewal Authority	The Directors of the Young Men's Christian Association
Aug-10	Mong Kok	MK1, Bell House, 525–543A Nathan Road	G/F–2/F	696,000,000	36,500	19,068	Tang Shing Bor	Sunlink Holdings (HK) Ltd
Nov-10	Tai Kok Tsui	Florient Rise, 38 Cherry Street	Commercial Accommodation	350,000,000	61,347	5,705	URA & Nan Fung	Victory Wave Ltd
Jun-11	Tseung Kwan O	Nan Fung Plaza	Commercial Podium	1,170,000,000	176,000	6,648	Nan Fung	The Link REIT
Jul-11	Kowloon Tong	Festival Walk	Whole Block (Office + Retail)	18,800,000,000[78]	1,210,000	15,537	Swire Properties	Mapletree
Dec-11	Tseung Kwan O	Maritime Bay Shopping Mall	Whole Block	588,400,000	63,466	9,271	Sino Land	The Link REIT
Dec-11	Tsuen Wan	Belvedere Garden	Commercial Portion	1,250,000,000	276,862	4,515	Cheung Kong	Fortune REIT
Dec-11	North Point	Provident Centre	Shopping Centre	650,000,000	180,238	3,606	Cheung Kong	Fortune REIT
Jun-12	Mong Kok	Mong Kok Computer Centre	Shopping Arcade	1,018,000,000	NA	NA	Preciqusbud Ltd	Kingsland Enterprises Ltd
Jul-12	Tsuen Wan	Indihome	Retail Podium	360,080,000	50,000	7,202	Healthy Sun Ltd	Antron Inv Ltd
Aug-12	Kwun Tong	Laguna Plaza	Shopping Centre	1,500,000,000	163,000	9,202	Hang Lung	CLSA Capital Partners
Oct-12	Tsim Sha Tsui	Park Hotel	G/F–3/F	1,980,000,000	NA	NA	Precision Advance Ltd	Turbo Riches Ltd

Source: EPRC, company announcements, Savills Research & Consultancy

[78] Total investment cost is HK$19.3bn including taxes and related costs

En-bloc Grade A office transactions, 2007–2012

Transaction date	District	Property	Unit	Consideration (HK$)	Gross area (sq ft)	Gross unit price (HK$ per sq ft)	Vendor	Purchaser
Feb-07	Central	Crocodile House 1 & 2	Whole Block	1,070,000,000	128,000	8,359	Early Light	Citigroup Property Investors
Jul-07	Wanchai	88 Gloucester Road	Whole Block	783,000,000	94,337	8,300	Capital Strategic	AREIF Investment Holdings Pte Ltd
Oct-07	Causeway Bay	68 Yee Wo Street	Whole Block	1,560,000,000	229,200	6,806	Morgan Stanley	Pioneer Global and Angelo, Gordon Co
Nov-07	Tsim Sha Tsui	Oterprise Square, 26 Nathan Road	Whole Block	2,070,000,000	185,050	11,186	Oriental Press	Sun Hung Kai Properties
Jan-08	North Point	Union Park Tower, 168 Electric Road	Whole Block	203,000,000	39,452	5,145	Transwood Investment Ltd	Glebe Holdings
Apr-08	Cheung Sha Wan	Trade Square, 681 Cheung Sha Wan Road	Whole Block	1,518,000,000	375,000	4,048	Glorious Sun	Pine and Crane Co Ltd
Aug-08	Central	CNAC Building, 10 Queen's Road Central	Whole Block	1,388,000,000	69,984	19,833	CNAC	The Shanghai Commercial Bank
Nov-08	Central	DBS Building, 139 Queen's Road Central	Whole Block	698,000,000	90,703	7,695	Rich Palace Ltd	Wealth Joy Development Ltd
May-09	Mong Kok	33 Argyle Street / 611 Shanghai Street	Whole Block	250,000,000	43,843	5,702	Gateway Capital	Moral Winner Investment Ltd
Aug-09	Central	Nexxus Building, 41 Connaught Road Central	Whole Block	3,720,000,000	260,000	14,308	Morgan Stanley	Investor
Mar-10	Quarry Bay	Fortis Centre, 1063 King's Road	Whole Block	1,825,000,000	289,540	6,303	Foundasia (HK) Ltd	Hong Kong Housing Society
Jun-10	North Point	Manulife Tower, 169 Electric Road	Whole Block	2,250,000,000	386,599	5,820	Wellsource Dev Ltd	Elite Properties (HK) Ltd
Jul-10	Sheung Wan	Vicwood Plaza, 199 Des Voeux Road Central	Whole Block	4,100,000,000	396,000	10,354	MGPA	Lee Kum Kee
Aug-10	Wanchai	88 Gloucester Road	Whole Block	948,000,000	104,158	9,102	TBC	TBC
Jul-11	Kowloon Tong	Festival Walk	Whole block (Office + Retail)	18,800,000,000 [79]	1,210,000	15,537	Swire Properties	Mapletree
Jan-12	Kowloon Bay	18 Kowloon East, 18 Wang Chiu Road	Whole Block	2,510,000,000	400,000	6,275	Sino	China Construction Bank
Mar-12	Sha Tin	Delta House, 3 On Yiu Street	Whole Block	1,278,800,000	166,548	7,678	Delta Realty Ltd	Sino Raise Ltd
May-12	Central	50 Connaught Road Central	Whole Block	4,880,000,000	172,315	28,320	Century Land Ltd	Agricultural Bank of China Ltd
Oct-12	Quarry Bay	Stanhope House, 734 King's Road	Whole Block	2,398,000,000	300,000	7,993	Hang Lung	AIA
Oct-12	North Point	169 Electric Road	Whole Block	3,400,000,000	400,000	8,500	TBC	TBC

Source: EPRC, company announcements, Savills Research & Consultancy

[79] Total investment cost is HK$19.3bn including taxes and related costs

The largest transaction recorded in terms of consideration from 2007 to 2012 was Festival Walk in Kowloon Tong, in a deal between Swire Properties and Mapletree, in which Mapletree acquired the entire property (shopping centre and offices) for a consideration of HK$18.6 billion[30] or HK$15,537 per sq ft of gross area, on 29 July 2011

Other major retail acquisitions have included the sale of the retail podium of Park Hotel in Tsim Sha Tsui for HK$1.98 billion in October 2012, as well as the purchase of Laguna Plaza in Kwun Tong by CLSA Capital Partners for HK$1.5 billion in August 2012, reflecting strong investment interest in prime retail assets

In terms of office transactions, the largest deal was closed by Agricultural Bank of China, who bought 50 Connaught Road Central for HK$4.88 billion in May 2012; while Lee Kum Kee bought Vicwood Plaza in Sheung Wan for HK$4.1 billion in July 2010, reflecting both end-user and investor interest in core office assets in Central. End-user demand has also been evident in non-core areas, with China Construction Bank buying 18 Kowloon East for HK$2.51 billion in January 2012 and AIA purchasing Stanhope House in North Point for HK$2.398 billion in October 2012

Limitations on the report

This report contains forward-looking statements which state Savills (Hong Kong) Limited's (the Consultant) beliefs, expectations, forecasts or predictions for the future. The Consultant stresses that all such forecasts and statements, other than statements of historical fact, outlined in this report should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forecasts involves assumptions about a considerable number of variables which are very sensitive to changing conditions. Variations of any one may significantly affect outcomes and the Consultant draws your attention to this

The Consultant therefore can give no assurance that the forecasts outlined in this report will be achieved or that such forecasts and forward-looking statements will prove to have been correct and you are cautioned not to place undue reliance on such statements. The Consultant undertakes no obligation to publicly update or revise any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise, except as required by law, and all forward-looking statements contained in this summary report are qualified by reference to this cautionary statement.

The report is prepared by the Consultant for information only. While reasonable care has been exercised in preparing the report, it is subject to change and these particulars do not constitute, nor constitute part of, an offer or contract. Interested parties should not rely on the statements or representations of fact but must satisfy themselves by inspection or otherwise as to the accuracy. No representation, warranty or covenant, express or implied, is given and no undertaking as to accuracy, reasonableness or completeness of the information contained in this report. In producing this report, the Consultant has relied upon external third-party information and on statistical models to generate the forward-looking statements. It should be noted, and it is expressly stated, that there is no independent verification of any of the external third-party documents or information referred to herein. This report is limited to the matters stated in it and no opinion is implied or may be inferred beyond the matters expressly stated herein.

Yours sincerely,
Savills (Hong Kong) Limited

Simon Smith
Senior Director
Head of Research & Consultancy

[30] Total investment cost is HK$18.3bn including taxes and related costs

urbis

12 December 2012

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Dear Sirs,

INDEPENDENT RETAIL PROPERTY MARKET OVERVIEW

With reference to your instructions received on 19 November 2012, Urbis Pty Ltd was commissioned to undertake an independent review of the Hong Kong retail property market.

We are pleased to submit our report which comprises an overview of the Hong Kong retail market, a review of the performance of the Hong Kong retail property market and a review of Festival Walk shopping centre, including analysis of the physical centre, its trading performance and its customer profile, as well as turnover forecast for the centre.

As we understand, this report is for inclusion into the prospectus of the impending Initial Public Offering of Mapletree Greater China Commercial Trust in Singapore.

Yours faithfully
for and on behalf of
Urbis Pty Ltd

Name: Peter Holland
Designation: Director

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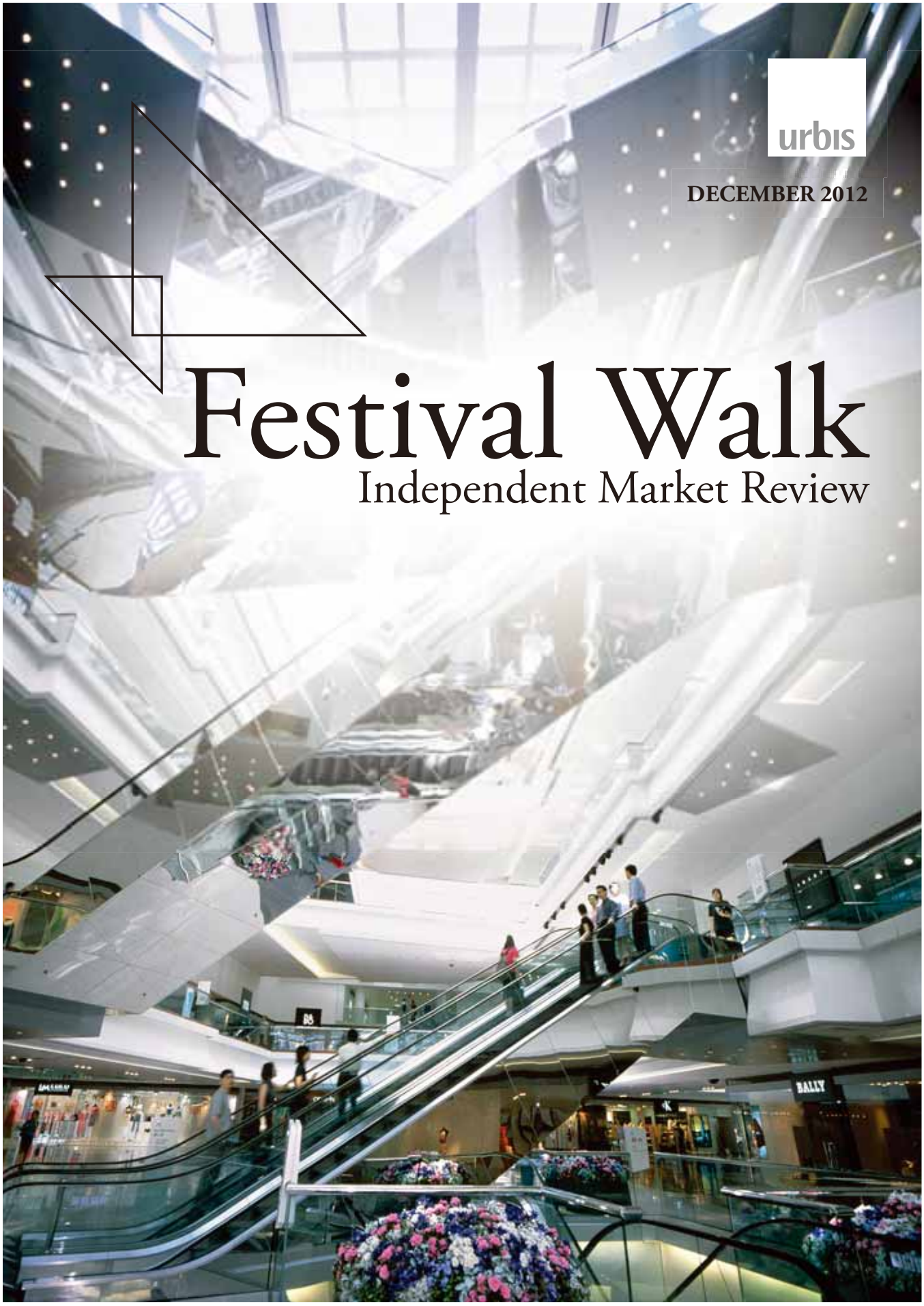
DECEMBER 2012

Festival Walk

Independent Market Review



DISCLAIMER

This report is prepared on the instructions of the party to whom or which it is addressed and is thus not suitable for use other than by that party. As the report involves future forecasts, it can be affected by a number of unforeseen variables. It represents for the party to whom or which it is addressed the best estimates of Urbis Pty Ltd, but no assurance is able to be given by Urbis Pty Ltd that the forecasts will be achieved.

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

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TABLE OF CONTENTS

Executive Summary

REGIONAL CONTEXT

- Festival Walk is located in the northern part of Kowloon, Hong Kong. There are a number of positive regional factors that have driven the performance of both Festival Walk and the broader retail market:
  - Tourism – the explosion in the number of Chinese mainland tourists coming to Hong Kong has resulted in significant growth in retail expenditure.
  - Density of Population – as with many Asian cities, the density of population has allowed for a relatively dense network of shopping centres which are highly reliant on public transport.
  - Site Availability – planning controls and limited site availability has prevented the sort of overinvestment in shopping centres that has been seen in many other markets.

ECONOMIC CONTEXT

- Hong Kong's economic performance over the past decade has been healthy, with relatively consistent growth notwithstanding the impact of some major international negative shocks. It has benefited significantly from the rise of China, and its advantageous geographical and political position vis-à-vis China. Chinese demand for Hong Kong capital, goods and services has also assisted Hong Kong in maintaining its position as one of Asia's most important commercial hubs.
- Ultimately, we expect healthy growth to continue in Hong Kong over the forecast period. The Chinese growth story should continue, underpinning strong growth in regional economies. Tourism is also expected to grow at a strong and steady rate, although growth will moderate over time. Moderate yet steady population growth should also support economic growth moving forward. All of these point to a relatively healthy outlook for shopping centres in Hong Kong.

RETAIL MARKET OVERVIEW

- Festival Walk operates in a sophisticated, high growth retail market. The network of shopping centres and retail districts in Hong Kong is well established, and continues to evolve. A wide variety of retail types provides opportunities for all types of shopping.
- Overall, the per capita provision of retail floorspace in Hong Kong is not high by international standards. However, the density of population and lack of development opportunities in many parts of Hong Kong means that this is unlikely to change dramatically in the near future.
- Retail sales have experienced strong growth over the past few years (12.1% per annum) thanks to big increases in the number of Chinese tourists coming to Hong Kong. Looking forward, we expect more moderate growth (8.7%) as the Chinese economy experiences lower levels of growth.
- The lack of new supply in important locations has allowed rents to grow rapidly over the past decade, particularly in the areas that are attracting lots of Chinese mainland tourists.

OVERVIEW OF FESTIVAL WALK

- Part of Festival Walk's success to date has been at least partially driven by its good quality access via MTR and other public transport. The mall offers direct access to the Kowloon Tong MTR station, which is located at the intersection of MTR's local underground line (Kwun Tong) and the overland railway to China (the East Rail Line). As a result, we understand around three quarters of visitors to Festival Walk come by MTR.
- Festival Walk is a major shopping centre, providing 579,736 sq.ft of floorspace. It is distributed across seven levels, with Level UG being the largest (135,400 sq.ft) and level G being the smallest. Level G is effectively foreshortened by the bus and taxi termini on this level.

- Festival Walk provides 830 car spaces across three basement levels accessed from the various levels. The car parks are accessed by car via Tat Chee Avenue. By global standards, this is not a high provision of car park spaces. However, in the context of Asia (and particularly Hong Kong) with its dense population and good public transport connectivity, a provision of around 1 space per 1,000 sq.ft is not uncommon and is considered adequate when compared to other major shopping centres in Hong Kong.

- Festival Walk benefits from a very effective layout. It is designed around a single long mall, mostly with voids along the centre and tenancies on either side. The major strengths of the layout are as follows:

  - There are a large number of well used entry and exit points to the centre from the MTR, bus and taxi drop offs, and pedestrian entrances. This helps distribute visitors throughout the centre. These entry points are spread vertically through the centre due to the sloped nature of the site.

  - The single mall makes for easy navigation through the centre. The lack of secondary malls is a strength as these can often be weaker locations for retailers. Gentle curves in the main mall provide for generally strong lines of sight.

  - The centre has an open, airy feel. The malls are wide, and uncluttered by kiosks. The centre is generally legible and easily navigated for a centre of this length and number of levels.

  - The centre finishes and shop fronts are of a high quality and the overall architecture has a timeless quality about it.

  - Vertical circulation through the centre is good with four or five escalators evenly distributed on each level. There are also a number of well distributed elevators throughout the centre.

- The centre does not have any major design or layout weaknesses. However, there is a small number of possible improvements that could be made to the centre over time:

  - The lighting at the southern end of the centre on some of the mid-levels is dull. Given that some of these tenancies are already partially hidden by the escalators, these tenants could benefit from an improved outlook.

  - The cinemas are now somewhat dated and ideally should be upgraded to meet rapidly improving modern standards. We understand that Centre Management is in discussions with the Cinema operator regarding an upgrade of the offering.

  - The food court has a lack of seating at peak times. While we understand that space in the centre is limited, consideration should be given to the potential to (a) expand the number of food court tenancies and (b) the amount of seating.

PAST & CURRENT TRADING PERFORMANCE

- The ability to attract large numbers of visitors results in good turnover levels for a centre of this size. In the year to September 2012, the centre generated HK $4.8 billion in turnover. Like footfall, the pattern of trade during the calendar year is relatively stable except for spikes during Christmas and New Year.

- Festival Walk has achieved relatively stable growth over the period, generating 6.3% per annum growth in turnover over the ten years since 2002. As we would expect, growth has not been as strong as for the market as a whole which has grown by 8.9% over the period. This is to be expected – much of the market growth has been driven by growth in tourism, to which Festival Walk is relatively less reliant when compared to many other centres in Hong Kong (e.g. Harbour City).

- In the year to September, 2012, Festival Walk generated gross rent of HK $839.4 million. Urbis defines gross rent as base rent *plus* turnover rent *plus* service charges and marketing costs. The average rent is HK $1,448 per sq.ft per annum. Specialty shops (including larger specialty shops such as H&M) are estimated to be generating rent of HK $1,596.

- Festival Walk's total retail OCR is 16.2%[1]. If we exclude the centre's two major tenants, this increases slightly to 16.8%. A specialty OCR of 16.8% sits within the range that we would expect.

- The major tenants are showing OCRs that are relatively high for these tenants combined. Centre Management needs to look into this in more detail, and consider whether one of these tenants could benefit from a smaller or relocated tenancy.

KEY MARKET SEGMENTS FOR THE CENTRE

- Festival Walk's most important market segments are:

  - Local residents – the wealthy residents living in and around Kowloon Tong. Of particular importance are the 'housewives' doing more regular shopping.

  - Youth – the University provides the centre with a strong captive market of young shoppers, in addition to attracting a large amount of other young people to the centre.

  - Greater Hong Kong – while Festival Walk is attracting a large amount of visitation from its immediate vicinity, it is also attracting an impressive amount of business from throughout Kowloon (particularly around Mong Kok), the New Territories (Sha Tin) and even Hong Kong Island.

  - Tourists – the tourist market from China is a crucial one. It makes up an important component of Festival Walk's visitation, and provides the potential for strong growth. That said, Festival Walk is not penetrating this market as much as centres located in TST or Central, so there may exist an opportunity to increase trade from this segment.

- The centre is performing very well in attracting a high numbers of customers from throughout Hong Kong and from tourists. The centre is highly regarded and centre management appears to be performing very well on all fronts.

- However, the centre's local catchment remains of crucial importance to the centre, and is the main driver of the centre's performance.

- The tenant mix at Festival Walk appears to be popular and generally appropriate for the role that Festival Walk is playing in the broader retail hierarchy.

- In the future we would strongly recommend that exit surveys be undertaken at the centre on a regular basis (once every two years) and that the sample size be increased to at least 500 randomly selected respondents.

TRADE AREA ANALYSIS & SPENDING FORECAST

- The main trade area population is estimated to be approximately 1.44 million in 2012, 17% of which is located in the primary. The secondary south represents the largest part of the main trade area, constituting approximately 32% of the population. It is recognised that the trade area encompasses a significant amount of people, with the trade areas defined in order to capture the broad appeal of the centre, the ease of access via MTR, as well as the considerable density of the population in the surrounding area.

- The population of the main trade area is projected to grow at approximately 0.9% per annum to 2017, reaching a 2017 level of approximately 1.51 million. Areas of the trade area that are expected to record the highest rates of growth are secondary west, followed by the secondary north, which are forecast to have annual growth rates of around 2% and 1.9% respectively. This is due to the fact that in these areas, there are more opportunities for residential development.

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[1] Excludes a major tenant who started operations in 2012 and turnover is not yet available.

- Total area retail expenditure is set to grow by 6.7% in the main trade area over the next five years, with the greatest growth occurring in the secondary west and north, driven largely by population growth. The forecast growth for the main trade area is broadly in line with that for Hong Kong, largely due to the marginally higher population growth rates in the main trade area.

REVIEW OF COMPETITION

- Festival Walk has a number of major competitors. However, the centre is generally able to distinguish itself from these competitors in terms of location, accessibility, quality of fit-out and strength of brands within the centre. It does go 'head-on' with some centres that have similarly strong or overlapping attributes (e.g. Langham Place, New Town Plaza, APM), but this has not prevented Festival Walk from establishing and maintaining a very good competitive position in the market.

- However, the retail market continues to evolve rapidly. New centres will be developed, struggling centres will be redeveloped and refocused, and shopping channels will change (e.g. increased internet shopping). Even though the list of future shopping centres (Table 3.1) does not contain any proposal that are likely to have a major impact on Festival Walk, it is imperative that Festival Walk remains highly aware of its market and continues to respond positively to changes.

- In summary, there are a number of smaller retail developments that we linked to residential or office developments that will have a minor impact on Festival Walk. An impact is likely to come from the Clear Water Bay Road development (~450,000 sq.ft leasable floor area (LFA)) which is expected to open in 2015. However, detailed information of the mall's positioning and specifications are limited at this moment, as such the magnitude of potential impact of Festival Walk is still not clear.

SALES & INCOME FORECASTS FOR FESTIVAL WALK

- The future for Festival Walk remains positive. The centre's market continues to grow – we forecast its trade area to grow by 6.9% per annum over the next five years. The centre has a solid focus on its local catchment while being able to attract tourists as well.

- We estimate Festival Walk's retail turnover has the potential to increase from HK $4.84 billion currently to HK $6.49 billion in 2017, reflecting a (nominal) growth rate of 5.8% per annum. This growth is considered achievable given an overall estimated trade area market growth of 6.9% per annum and forecast retail sales growth for Hong Kong as a whole, at 8.7% per annum.

- We expect Festival Walk's growth will be slightly lower than the broader market due to the new competitive developments, discussed earlier as well as other competing influences (e.g. internet shopping), which in turn, will result in a slight erosion of Festival Walk's market share.

Introduction

Urbis has been commissioned by

- DBS Trustee Limited (in its role as the trustee of the Mapletree Greater China Commercial Trust); and
- Mapletree Greater China Commercial Trust Management Ltd (in its role as manager of the Mapletree Greater China Commercial Trust).

to undertake an independent market review of the retail component of Festival Walk.

OBJECTIVES OF THE RESEARCH

The principal objectives of the independent retail market review are to:

- Provide a general review of the retail market in Hong Kong and its future outlook.
- Review the operating performance of the existing asset and compare this with relevant benchmarks where available.
- Review the factors likely to affect the future performance of the asset including competition and growth in the overall market.
- Provide an assessment of the turnover and rental potential for Festival Walk in 2017.

In preparing this report Mapletree has provided to Urbis Australia the most recent sales, income and pedestrian traffic figures for the centre. We have also been provided with some preliminary results of the consumer research undertaken at the centre in recent months.

SOURCES OF INFORMATION

The report draws on a variety of sources of information both official and unofficial. The principal sources of information included in this study are:

- Economic data and forecasts provided by the Economist Intelligent Unit (EIU).
- Various publications from the Hong Kong government.
- Statistical information from the Hong Kong Department of Statistics including the 2011 census, the 2006 by-census and the Annual Digest of Statistics.
- Tourism statistics from the Hong Kong Tourism Board.
- Plans and trading performance data for the centre provided by Mapletree.
- Previous studies and research undertaken by Urbis Australia on the retail market for Hong Kong as a whole as well as for specific centres within Hong Kong.
- Field work, discussions and feedback from Mapletree personnel.
- Various property related data provided by Savills (Hong Kong).

KEY ASSUMPTIONS

In undertaking the analysis in this report the main assumptions used were:

- There are no fundamental shocks to the Hong Kong economy over the forecast period and the economy broadly behaves as discussed in Section 2.

- Retail competition is as described in Sections 3 and 8.
- The plans and trading performance data provided on the centre by Mapletree are accurate.
- The centre is marketed and managed competently on an ongoing basis over the next five years.

LIMITATIONS ON THE REPORT

This report is dated 12 December 2012 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (**Urbis**) opinion in this report.

Urbis prepared this report on the instructions, and for the benefit only, of

- DBS Trustee Limited (only in its role as the trustee of the Mapletree Greater China Commercial Trust), and
- Mapletree Greater China Commercial Trust Management Ltd (only in its role as manager of the Mapletree Greater China Commercial Trust),

for the purpose of providing a high level review of the performance of Festival Walk shopping centre (**Purpose**) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events including wars, civil unrest, economic disruption, financial market disruption, business cycles, industrial disputes, labour difficulties, political action and changes of government or law, the likelihood and effects of which are not capable of precise assessment.

All estimates, forecasts, projections and recommendations contained in or made in relation to or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report. Achievement of the projections set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

Urbis has made all reasonable inquiries that it believes is necessary in preparing this report but it cannot be certain that all information material to the preparation of this report has been provided to it as there may be information that is not publicly available at the time of its inquiry.

In preparing this report, Urbis may rely on or refer to documents in a language other than English which Urbis will procure the translation of into English. Urbis is not responsible for the accuracy or completeness of such translations and to the extent that the inaccurate or incomplete translation of any document results in any statement or opinion made in this report being inaccurate or incomplete, Urbis expressly disclaims any liability for that inaccuracy or incompleteness.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading bearing in mind the necessary limitations noted in the previous paragraphs. Further, no responsibility is accepted by Urbis or any of its officers or employees for any errors, including errors in data which is either supplied by the Instructing Party, supplied by a third party to Urbis, or which Urbis is required to estimate, or omissions howsoever arising in the preparation of this report, provided that this will not absolve Urbis from liability arising from an opinion expressed recklessly or in bad faith.

ABBREVIATIONS

CBD	Central Business District
CPI	Consumer Price Index
EIU	Economist Intelligence Unit
F&B	Food and Beverage
F&G	Food and Grocery
GDP	Gross Domestic Product
GFA	Gross Floor Area
GFC	Global Financial Crisis
GTO	Gross Turnover
HES	Household Expenditure Survey
LFA	Leasable Floor Area
NLA	Net Leasable Area
OCR	Occupancy Cost Ratio
PCE	Private Consumption Expenditure
PPP	Purchasing Price Parity
PRC	Peoples Republic of China
RPI	Retail Price Index
WKCD	West Kowloon Cultural District

1 Hong Kong Regional Context

This first section provides a discussion of the regional context in which Festival Walk operates. It is important to understand this context as it is a major driver of its performance.

1.1 REGIONAL CONTEXT

The location of Festival Walk is a major part of its success as a shopping centre over the past decade. It is located in the northern part of Kowloon, north of the well-known shopping districts in and around Mong Kok and Tsim Sha Tsui (including Canton Road) (refer Map 1.1).

The main attributes of Hong Kong's retail market are a product of a number of factors, not least its history that has resulted in it being part of the People's Republic of China (PRC). Other factors include the strong economic and tourist growth it has experienced; the density of population; and the role played by Government in controlling property development. These factors have resulted in a property and retail market that is unique to Hong Kong.

1.1.1 TOURISM'S IMPACT ON THE MARKET

The Hong Kong retail market is highly reliant on tourists, the majority of which come from mainland PRC. Urbis estimates that a third of retail Hong Kong's retail sales comes from tourists.

This is best reflected in the major shopping areas of Canton Road (Kowloon) and Central (Hong Kong Island) where the retail provision is heavily focused on luxury retail and targeted towards tourists (particularly from the PRC).

The reliance on tourism to support major components of the retail hierarchy has both positive and negative attributes. While the tourist dollars are very welcome, major retailers have indicated concerns around the impact that a change in Chinese tourism or luxury good taxation policy in the future could potentially have on retail in Hong Kong. Should the Chinese Government, for whatever reason, decide to slow down the level of outbound tourism or to reduce their level of sales tax on luxury goods in the PRC, this could have major implications for retail locations in Hong Kong which are heavily reliant on tourists.

Primarily as a consequence of its location, Festival Walk has a more limited exposure to this risk and as shown later in this report currently has only 18% of its sales attributable to tourists as compared with 27% for Hong Kong as a whole.

1.1.2 DENSITY OF POPULATION

Density of population is an important driver of retail development no matter what market is being considered. Denser populations allow for denser retail networks. Hong Kong exhibits very high levels of population density, and thus sustains a dense but supportable network of shopping centres. This is not unique to Hong Kong – Singapore has a similarly dense retail network, while cities like Shanghai and Beijing are gradually moving towards this.

High density results in high levels of public transport usage, particularly the MTR. As a result, in Hong Kong, the majority of the suburban shopping centres are located either above or adjacent to heavily used MTR railway stations. Festival Walk is no exception, having direct links to Kowloon Tong station.

Festival Walk is centrally located to serve the large mass of population that resides on the Kowloon Peninsula. Indeed, Festival Walk is close to the geographic centre of the Hong Kong urban area (i.e. excluding the more distant New Territories). Such a central location maximises the population that reside within a reasonable distance from the centre.

1.1.3 PLANNING CONTROLS

Hong Kong has a long history of Government intervention in the planning of the city. The Government influences land uses, which has helped prevent the over investment in shopping centres that has plagued many other cities and is currently being experienced in some cities in China.

Land use controls are generally favoured by shopping centre owners – they provide a degree of certainty and protection from unnecessary new competition that often occurs in unregulated markets.

FESTIVAL WALK REGIONAL CONTEXT MAP 1.1

2 Economic Outlook

Hong Kong's economic performance over the past decade has been highly supportive of growing demand for retail goods and the performance of shopping centres. This section provides a brief look at what drives the Hong Kong economy, and how we expect it to perform over the next few years.

2.1 HONG KONG ECONOMY

The Hong Kong economy is a well-established and dynamic economy that continues to benefit from two principal strengths:

1. It has a long history as one of Asia's most important centres for trade and finance, providing strong ties to the world's most important and stable economies. It has become one of the locations of choice for non-Asian companies who want exposure to the growth markets of northern Asia.

2. Hong Kong's location vis-à-vis China has allowed it to be one of the chief beneficiaries of the rapid expansion of the Chinese economy over the past decade. Hong Kong companies have arguably been the most successful at gaining access to Chinese markets and broadening their businesses into the mainland. Similarly, Hong Kong has benefited from increasing flows of capital from the mainland into Hong Kong as Chinese businesses seek exposure and access to a more internationalised market.

Unsurprisingly, the economy is highly reliant on three main industries – trading and logistics (26% of GDP); financial services (15%) and professional services (13%).

Over time, the Hong Kong economy will increasingly shift its focus away from trading and logistics as China continues to improve its own capacity in these industries. We expect that professional and financial services will gain in importance, providing 'international quality' services into China.

2.2 ECONOMIC GROWTH

Hong Kong's economy has faced some major challenges in the past 10 to 15 years. The 1997 Asian Financial Crisis, SARS, various flu epidemics, and the global financial crisis ("GFC") in 2008 have all had major impacts throughout Asia, particularly Hong Kong which has such a high level of exposure to global economic events.

Chart 2.1 shows Hong Kong's historical and forecast real GDP growth from 2001 to 2016. Economic growth in Hong Kong in recent years has been impressive given the constraining effects of the aforementioned global economic shocks.

The period between 2001 and 2004 saw rapidly increasing real GDP growth peaking at 8% in 2004. From 2004-2007 growth averaged marginally above 7%, post which the effects of the GFC led to a slightly depressed, but still positive, growth rate in 2008 and a negative growth rate of -2.6% in 2009. In 2010 real GDP growth rebounded strongly to 7.1%, underscoring Hong Kong's strong economic fundamentals.

Growth rates corrected downwards in 2011, and expectations are that it will continue this downward trend for the remainder of 2012 due to weaker global economic conditions, particularly in Europe, recording an annual growth rate of around 1.5%.

From 2013-2016 growth rates are expected to gradually increase as global economic conditions improve, averaging approximately 3.7% over the remainder of the forecast period. This forecast is largely in line with Hong Kong Government's forecast of around 4.0% over the next few years[2].

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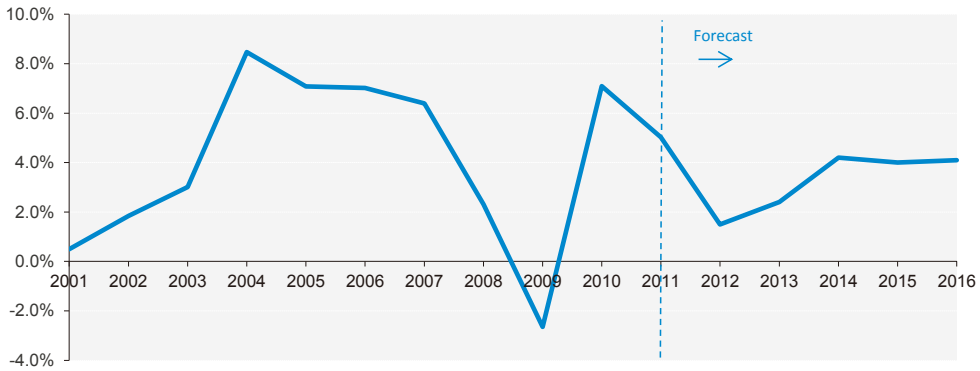
[2] http://www.hkeconomy.gov.hk/en/pdf/11q4_mt-outlook.pdf

Real GDP Growth

HONG KONG, 2001-2016 CHART 2.1



Source : Economist Intelligence Unit: October 2012

Over this period, Consumer Price Inflation (CPI) is estimated to average 4.1% per annum.

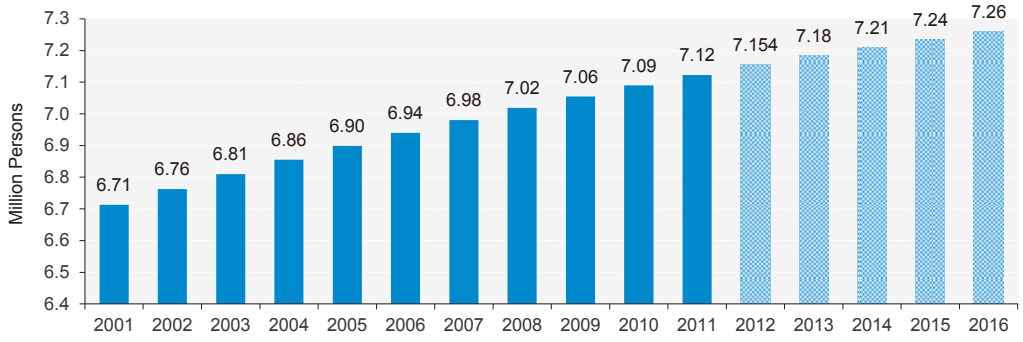
2.3 POPULATION GROWTH

Chart 2.2 sets out the historical and forecast resident population in Hong Kong from 2001 through to 2016. Between 2001–2011, population growth remained low relative to other regional economies, averaging around 0.6% per annum. This is reflective of the scarcity of land in Hong Kong, as well as the developed nature of the economy and society. In 2011 the total resident population for Hong Kong was recorded at approximately 7.12 million.

Over the forecast period, it is expected that population growth will decrease marginally, averaging approximately 0.4% per annum, with population levels ultimately reaching around 7.26 million in 2016. On this basis, the average growth in population is forecast at 28,000 per year.

Population

HONG KONG, 2001-2016 CHART 2.2



Source : Economist Intelligence Unit: October 2012

2.4 TOURISM GROWTH

Tourism is a very important industry in Hong Kong, with inbound tourism estimated to generate around 3% of Hong Kong's GDP. Chart 2.3 shows the historical and forecast Hong Kong visitor arrivals from 2005 to 2016.

The number of visitors to Hong Kong has exhibited strong growth over the past few years, increasing from approximately 23.5 million in 2005 to 41.9 million in 2011, representing a CAGR of around 10.5% over the period.

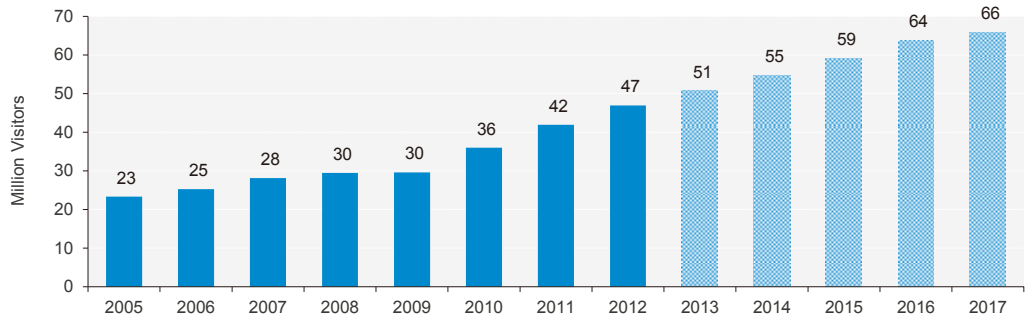
This level of growth reflects the easing of restrictions on travel from mainland China to Hong Kong coupled with the increasing affluence of the Chinese population. While over the next couple of years growth should remain strong, we expect that over time it will slow as result of the following:

- Mainland Chinese will look further afield for their international travel;
- Demand for luxury goods from overseas (particularly Hong Kong) will decline as the Chinese come to accept that locally sold products are equal in quality, and if/when the Chinese tax treatment of these goods changes.

Despite this, growth in visitor arrival numbers is likely to remain healthy. The Hong Kong government appears committed to supporting infrastructure development that will support tourism; examples of this include the Kai Tak ocean liner terminal and the West Kowloon Cultural District (WKCD). We expect visitor arrivals to grow at an average rate of approximately 7.8% per annum from 2011 to 2016.

Inbound Tourists

HONG KONG, 2005-2016 CHART 2.3



Source : Hong Kong Tourism Board

2.4.1 SUMMARY & CONCLUSIONS

Hong Kong's economic performance over the past decade has been healthy, with relatively consistent growth notwithstanding the impact of some major international negative shocks. It has benefited significantly from the rise of China, and its advantageous geographical and political position vis-à-vis China. Chinese demand for Hong Kong capital, goods and services has also assisted Hong Kong in maintaining its position as one of Asia's most important commercial hubs.

Ultimately, we expect further healthy growth in Hong Kong over the forecast period. The Chinese growth story should continue, underpinning strong growth in regional economies. Tourism is also expected to grow at a strong and steady rate, although growth will moderate over time. Low yet steady population growth should also support economic growth moving forward. All of these point to a relatively healthy outlook for the retail market and shopping centres in Hong Kong.

3 Retail Market Overview

Hong Kong has a well-established retail market. Its network of shopping centres, retail precincts, markets, and other options provide for a diverse and dynamic market. Owners and operators of shopping centres are increasingly sophisticated, and the markets for assets, leasable floorspace and goods are all relatively liquid and transparent. This section provides some details of shopping centre market metrics, with particular reference to shopping centre supply, retail sales and rents.

3.1 RETAIL SUPPLY

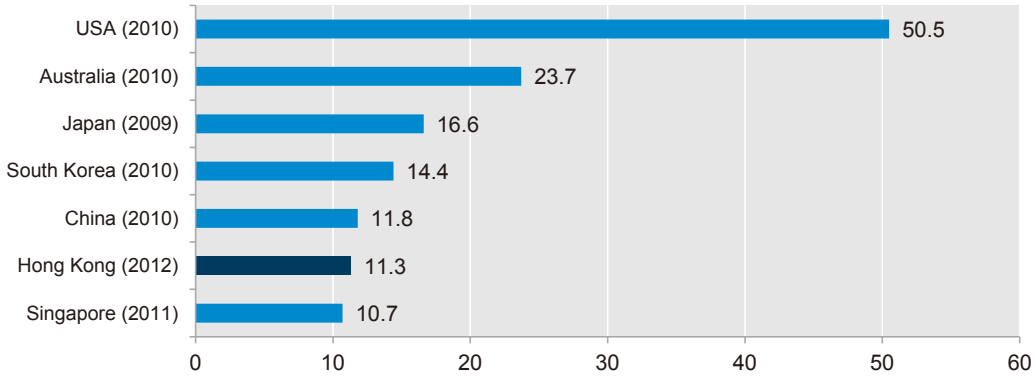
3.1.1 PROVISION RELATIVE TO OTHER COUNTRIES

By international standards, Hong Kong does not have a high supply of retail floorspace. However, this is unsurprising; with such a dense population and with land scarce, the population can be well serviced with only a modest supply of floorspace.

Hong Kong has an estimated 78.6 million sq.ft of leasable retail floorspace, including 30.1 million sq.ft of restaurant floorspace. This represents an average provision of 11.3 sq.ft per person, a level that is similar to Singapore, but lower than most other markets.

Floorspace Per Capita

SQ.FT OF RETAIL FLOORSPACE PER PERSON, VARIOUS COUNTRIES — CHART 3.1



Source: Urbis

3.1.2 MAJOR RETAIL PRECINCTS IN HONG KONG

Hong Kong has a number of major retail precincts, which consist of strip retailing and smaller scale shopping centres. For Festival Walk the most relevant and important retail precincts include:

- **Canton Road:** Running along the western edge of Tsim Sha Tsui behind the ferry terminals, this busy retail strip has a high concentration of luxury boutiques and shopping centres. This area is very popular with mainland Chinese, who come to Hong Kong to buy luxury goods. We understand that many retailers on Canton Road generate up to 75% of their turnover from tourists.
- **Nathan Road:** This long shopping street runs through the centre of Tsim Sha Tsui, Jordan and Mong Kok. Whilst its focus is more mid-market than the nearby Canton Road, it still provides a very wide range of different strip retail and shopping centres. This precinct has strong tourist appeal, but also plays a more localised role. In recent years, the development of new multi-level shopping centres including iSquare, The One and K11 have all contributed to improving the retail offering in this precinct.

- **Causeway Bay:** A large shopping district on Hong Kong Island, next to Victoria Park. This area contains many large department stores such as Sogo, and is an extremely popular shopping district with high levels of pedestrian traffic. The precinct is well-known for youth fashion and is a highly popular destination, drawing on both tourists and local residents.

- **Central:** A significant retail precinct in the centre of Hong Kong Island containing strip retailing and a number of co-located and integrated shopping centres such as The Landmark and the IFC Mall. This district has significant destinational appeal for both tourists and local residents, and has a very strong focus on high-end/ luxury retailers.

3.1.3 MAJOR SHOPPING CENTRES IN HONG KONG

Many of the major shopping malls in Hong Kong are located within broader retail locations, including those discussed above (refer Map 8.1). The major shopping centres in Hong Kong include:

- **Harbour City:** This centre is located in Tsim Sha Tsui between the Ocean Terminal and Canton Road. At around 1.2 million sq.ft LFA, it is one of the largest shopping centres in Hong Kong. The centre comprises several different buildings including the Marco Polo Hotel, Ocean Terminal, Ocean Centre, and The Gateway. It has a significant concentration of high-end and luxury brands including some which face directly onto Canton Road.

  Harbour City is located at the centre of one of Hong Kong's most important retail districts for tourists, particularly for mainland Chinese. Many of the retailers in this centre generate a significant proportion of their turnover from tourists. Harbour City, coupled with the range of other retailers, shopping centres and hotels that surround it on Canton Road, has developed into a key tourist attraction for Hong Kong.

- **Langham Place:** This 15 level, ~320,000 sq.ft (retail LFA) centre is located adjacent to the Mong Kok MTR station. It is anchored by a small Seibu department store and is pitched at the mid-market, with a key tenant being H&M on the ground floor. The centre generates high foot traffic, sitting neatly just off Nathan Road, and co-located with the Langham Hotel and one of Kowloon's highest office towers. Langham Place has a strong emphasis on dining and entertainment and it is primarily targeted at the youth and young adult markets.

- **Elements:** A relatively new, large shopping centre of ~650,000 sq.ft LFA located adjacent to the yet to be built West Kowloon Cultural District, and part of the major ICC office tower. The retail has a focus on high-end and luxury retailers and forms part of the overall Kowloon Station development. It is conveniently located on top of the Kowloon MTR and Airport Express station and the China Coach terminal to Shenzhen Airport. It suffers from a somewhat awkward layout, and, at this stage, only has a modest local catchment to draw customers from. The centre is, however, of very high quality and has attracted a very good list of tenants. Over time as its local catchment grows it is expected that this centre's performance will continue to strengthen.

- **IFC Mall:** Located on Hong Kong Island near the Star Ferry terminal, this ~430,000 sq.ft LFA centre has many luxury stores, including a Lane Crawford department store. IFC Mall is a quality centre that has proved to be highly successful. One of its more unique features is the roof-top al fresco dining that is often cited as an example of successful al fresco dining in Hong Kong.

- **Pacific Place:** A ~430,000 sq.ft LFA centre on Queensway, close to the Admiralty MTR station. This highly trafficked centre also has a strong focus on luxury brands and is anchored by Harvey Nichols. Like Harbour City, Pacific Place draws a significant proportion of its turnover from tourists.

- **Central Shopping Centres (Hong Kong Land):** Within Central there are eight shopping centres owned by Hong Kong Land, the largest of which is The Landmark. These centres are in the podiums of office buildings, have direct access to Central MTR, and are linked by pedestrian overpasses and underground walkways. Although individually small, these centres combined have over 250 shops and around 380,000 sq.ft of leasable area. As a group, the centres contain a very strong stable of retailers covering almost all of the major luxury brands as well as many mid-upper brands. Food and beverage also has a strong presence in these inter-connecting centres.

- **Times Square:** An older shopping centre located in the Causeway Bay district. Its nine levels provide around ~520,000 sq.ft of retail floorspace, including Marks & Spencer and Lane Crawford department stores and a cinema complex. In recent years the luxury focus of this centre has waned somewhat, as focus has moved towards Central and Admiralty. However, the centre remains popular for both locals and tourists, and especially expats.

3.1.4 MARKETS

Markets are another important form of retailing in Hong Kong. They play a functional retailing role for local residents and are key draw cards for tourists. These markets remain quite distinct from Festival Walk's retail offering, however their destinational appeal for both tourists and local residents ensures their competitive importance. Some locals tend to prefer to shop at smaller wet markets. These are widespread throughout Hong Kong and remain the most popular format for buying fresh food. Large street markets tend to be more popular with tourists. Key tourist markets include:

- **Ladies Market:** Probably Hong Kong's most famous tourist market. Sells clothes and souvenirs, including many fakes and copies.
- **Temple St Market:** A night market selling mostly electronics and souvenirs. The streets surrounding the market are used at night for al fresco dining, when street vendors set up tables for shoppers to sit at.
- **Jade Market:** A market specialising in jade, popular with tourists.
- **Ap Liu St:** A popular flea market for cheap electronics and antiques.
- **Stanley Market:** A tourist oriented souvenir market on the south of Hong Kong Island.

3.2 FUTURE RETAIL DEVELOPMENTS

A list of known retail developments is presented in Table 3.1 below. There is a range of upcoming retail developments to occur, most of which are smaller retail developments (up to 200,000 sq.ft), linked to residential or office developments. As such, these are unlikely to have a material impact on the broader retail hierarchy. Note that our 2012 estimate excludes centres that have already opened.

The centres of most relevance to Festival Walk are discussed in Section 8.

Future Competition

FESTIVAL WALK, 2012 TO 2015

TABLE 3.1

Year/ Project	District	Developer	GFA (sq.ft) Hong Kong	Kowloon	New Territories	Competitive Impact
2012						
The Pulse, Repulse Bay	Southside	Emperor Group	167,000			Low
KIL 11073, Hoi Wang Road	Yau Ma Tei	Sino Land, Nan Fung, K Wah		87,000		Low-Med
KIL 11146, Hoi Fai Road	Tai KokTsui	Sun Hung Kei Properties		95,000		Low-Med
3 Chun Yan Street	Wong Tai Sin	Kerry Properties		153,000		Low-Med
V City, Tuen Mun Station, West Rail	Tuen Mun	KCRC/Sun Hung Kei Properties			269,000	Low-Med
2013						
Lee Tung St/Mcgregor Street	Wanchai	Sino / Hopewell / URA	104,000			Low
Lok Wo Sha Phase 1, Ma On Shan	Shatin	Henderson Land & New World Development	-		99,000	Low
2014						
The Wings II, Area 66B,	Tseung Kwan O	SHK Properties	-		66,000	Low
Pak Shek Kok Site D	Tai Po	Sino Land and K Wah	-		90,000	Low
Lok Wo Sha Phase 2, Ma On Shan	Sha Tin	Henderson Land & New World Development	-		9,000	Low
2015						
20-24 Salisbury Road (New World Centre)	Tsimshatsui	New World Development	-	TBC		n.a.
35 Clear Water Bay Road	Ngau Chi Wan	Kowloon Development	-	686,426		Med-High [1]
Sha Po Kam Tin (Site II - A & B)	Yuen Long	Sun Hung Kei Properties	-		107,000	Low
Total GFA			**271,000**	**1,021,426**	**640,000**	
Estimated Total LFA @ 65% of GFA			**176,150**	**663,927**	**416,000**	

1. Detailed information about this centre's positioning and specifications are limited at this moment, and as such the magniture of the poential impact on Festival Walk is somewhat unclear.
Source: Savills Hong Kong

3.3 RETAIL SALES GROWTH

Chart 3.2 shows historical and forecast retail sales in Hong Kong from 2007 to 2017.

From 2007 to 2011 the retail sales in Hong Kong has shown strong growth of approximately 12.1% per annum on average, reaching around HK $484 billion in 2011. This growth has been underpinned by moderate resident per capita spending growth, as well as large increases in visitor retail spending, which can be linked to increased tourism emanating from China, as well as from other emerging economies in the region such as Taiwan.

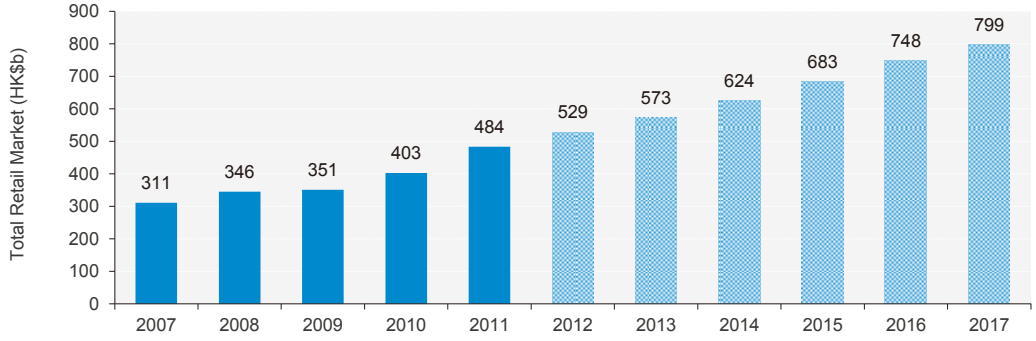
Over the forecast period (2012-2017), growth in the captured retail market is expected to moderate slightly, averaging around 8.7% per annum, and ultimately reaching approximately HK $799 billion in 2017 (in nominal terms).

Underpinning this market growth are the following assumptions:

- Continued strong growth in tourism expenditure of around 12.3% per annum;
- Growth in the Hong Kong resident retail market of 6.2% per annum.

Retail Sales

HONG KONG, 2007-2017 (NOMINAL BILLIONS) CHART 3.2



Source: Census and Statistics Department; Urbis

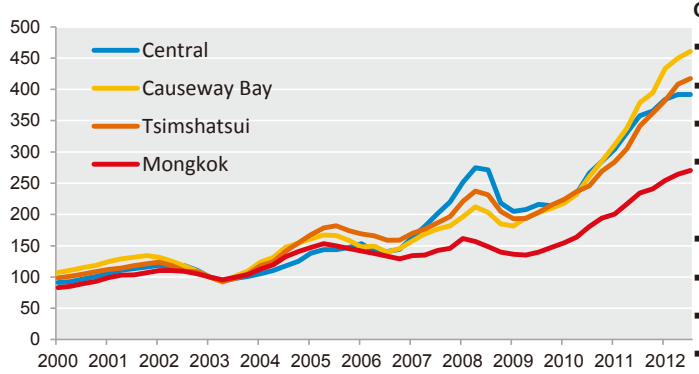
3.4 RETAIL RENTAL GROWTH

Chart 3.3 and Chart 3.4 presents the growth in retail rates in Hong Kong's various districts over the past decade or so based on data maintained by Savills. A few key points to note:

- Rents in street shops have grown rapidly over the past decade, having grown by an average of 14% per annum in the four main districts analysed by Savills. Rental growth has been driven by continued high demand by retailers trying to establish themselves in the districts that attract large numbers of Chinese tourists.
- Rental growth in shopping centres has actually lagged slightly behind strips in Hong Kong. Since 2002, Hong Kong shopping centres experienced growth of around 12% per annum in rent.
- Shopping centres in Hong Kong and Kowloon have experienced stronger growth than those in the New Territories, particularly in the past few years.

Hong Kong Rents – Street Shops

INDEX OF STREET SHOP RENT GROWTH, 2000 - CURRENT CHART 3.3



Growth since 2002:

- Central: 13% p.a.
- Causeway Bay: 15% p.a.
- TST: 14% p.a.
- Mong Kok: 10% p.a.

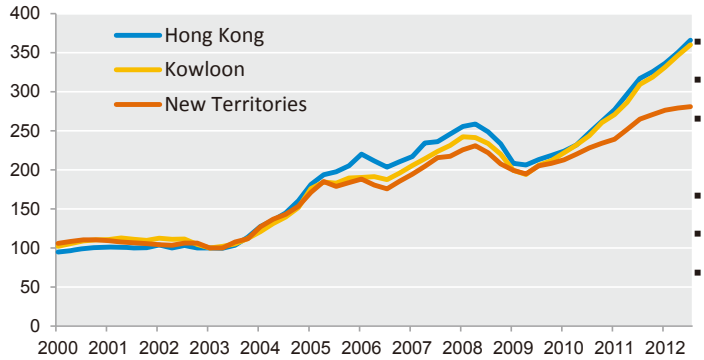
Growth since 2007:

- Central: 14% p.a.
- Causeway Bay: 21% p.a.
- TST: 17% p.a.
- Mong Kok: 14% p.a.

Source: Savills; Urbis

Hong Kong Rents – Shopping Centres

INDEX OF SHOPPING CENTRE RENT GROWTH, 2000 - CURRENT CHART 3.4



Growth since 2002:

- Hong Kong: 13% p.a.
- Kowloon: 12% p.a.
- New territories: 10%

Growth since 2007:

- Hong Kong: 9% p.a.
- Kowloon: 10% p.a.
- New territories: 5% p.a.

Source: Savills; Urbis

3.5 IMPLICATIONS FOR FESTIVAL WALK

Festival Walk operates in a sophisticated, high growth retail market. The network of shopping centres and retail districts in Hong Kong is well established, and continues to evolve. A wide variety of retail types provides opportunities for all types of shopping.

Overall, the per capita provision of retail floorspace in Hong Kong is not high by international standards. However, the density of population and lack of development opportunities in many parts of Hong Kong means that this is unlikely to change dramatically in the near future.

Retail sales have experienced strong growth over the past five years (12.1% per annum) and this has been largely attributable to the very strong growth in the number of Chinese tourists coming to Hong Kong. Looking forward, we expect more moderate growth (8.6%) as the Chinese economy experiences lower levels of growth and tourist growth tapers off.

The lack of new supply in important locations has allowed rents to grow rapidly over the past decade, particularly in the areas which are attracting Chinese mainland tourists.

4 Overview of Festival Walk

For many reasons, Festival Walk has proved to be one of Hong Kong's most successful shopping centres over the past decade. Consideration is now given to some of the attributes that have supported this performance, as well as those that may have had a negative impact. This analysis provides important context to understand the trading performance of the centre which is examined in the next section (Section 5).

4.1 SITE LOCATION, CHARACTERISTICS & SURROUNDING LAND USES

Festival Walk is located adjacent to the Kowloon Tong station, in the northern suburbs of Kowloon. Its location provides it with a number of advantages:

- Kowloon Tong station services two lines – MTR's East Rail Line and the Kwun Tong Line (Maps 4.1 and 4.2). The Kwun Tong Line links through to the southern suburbs of Kowloon (via Mong Kok) and Hong Kong's eastern suburbs beyond the old Kai Tak airport site (refer Figure 4.1).

  The East Rail Line connects down to Hung Hom to the south, and the New Territories and through to China in the north. More importantly, Kowloon Tong acts as the major interchange for this line and thereby provides a direct channel to visitors from mainland China.

  There is also a bus interchange and taxi drop-off point that directly links to the centre.

- Festival Walk is part of a mixed use development that contains 213,982 sq.m of leasable office floorspace. This provides the shopping centre with an additional market from which to derive business.

- Festival Walk is located in close proximity to a range of universities. The most important of these is the City University of Hong Kong which has around 18,000 students and is located adjacent to Festival Walk. This university has a direct tunnel link to Festival Walk which allows students to access Kowloon Tong station via the centre.

  In additional to City University, the Hong Kong Baptist University is located around 10-15 minute walk from the centre, while a number of other tertiary education institutions are located one or two stops from the centre on the MTR.

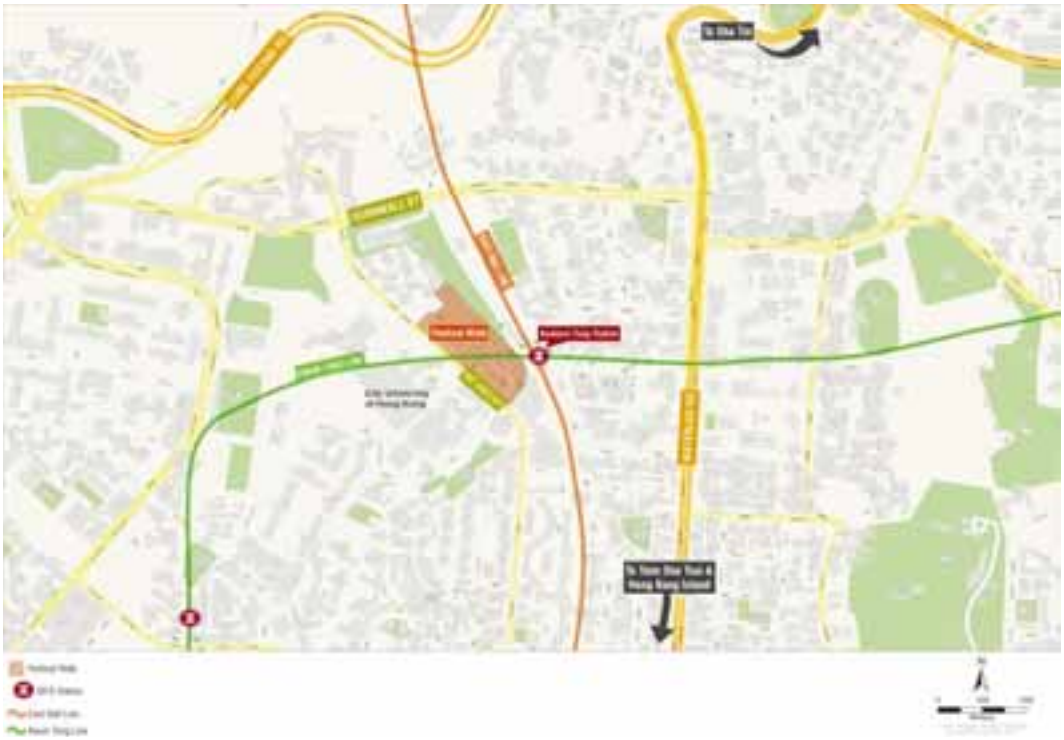
- As noted in Section 1, Festival Walk is located close to the geographical centre of Hong Kong's major mainland urban area, putting it within easy reach of large number of residents. This is a highly advantageous position for a shopping centre, as it maximises the number of shoppers who might consider Festival Walk to be within a 'convenient' distance for shopping.

- The suburb in which Festival Walk is located, Kowloon Tong, is traditionally a high income area. Over the past decade a series of luxury apartments developments have supported this position. According to Savills, 5,543 luxury apartments have built in the immediate area, including just under 1,400 over the past decade.

The site on which Festival Walk is located presents some challenges. It is a sloped site, which can make the layout and design of a centre complicated. However the design of Festival Walk has remained relatively simple and legible, and its layout has actually allowed for various non-retail components of the site (train, bus, taxi, university links) to be provided across a range of levels. For example, while the main MTR entry is via the lowest basement level (Level MTR), access to the MTR is also provided at levels LG1 and LG2, the tunnel link to the University is via LG1, access to the bus and taxi stations is from Level G. Taxis can also drop shoppers on Tat Chee Ave providing access to Level UG.

The site is surrounded by a mix of educational land uses and residential development. This provides the centre with a reasonable walk-up residential population complemented by a small worker market.

FESTIVAL WALK LOCAL CONTEXT (a) MAP 4.1



FESTIVAL WALK LOCAL CONTEXT (b) MAP 4.2

HONG KONG MTR NETWORK FIGURE 4.1

4.2 ACCESSIBILITY

Part of Festival Walk's success to date has been at least partially driven by its good quality access via public transport. The centre offers direct access to the Kowloon Tong MTR station, which is located at the intersection of MTR's local underground line (Kwun Tong) and the overland railway to China (the East Rail Line). As a result, we understand around three quarters of visitors to Festival Walk come by MTR.

The centre also contains a bus hub, and a separate taxi station with direct links into the centre. Car access is relatively good, with access directly off Tat Chee Avenue.

There are no major impediments to pedestrian access, particularly those that live in close proximity to the centre. However, the surrounding area is quite hilly, which we expect limits the number of shoppers who walk to the centre. Indeed, we understand that less than 10% of visitors to Festival Walk come on foot.

4.3 TENANCY COMPOSITION

The shopping centre component of Festival Walk contains 579,636 sq.ft of leasable floor area (LFA). The levels are divided into broad precincts as presented in the table below and illustrated in the layout plans shown in Figure 4.2.

LEVEL	THEME	COMMENT
MTR	Day-to-day consumer goods.	A good pharmacy, electronics and fresh food grocery offer including the Taste supermarket.
LG2	International trendy and chic fashion & accessories, watches & jewellery.	This is a fashion focused level, with a range of higher order apparel retailers including Coach, Max & Co, Brooks Brothers, Vivienne Westwood and Bally.

LEVEL	THEME	COMMENT
LG1	International contemporary and creative casual.	Heavily focused on fashion, with a range of mid-upper end apparel retailers including Polo Ralph Lauren and Marc by Marc. This level also contains Marks & Spencer and the Page One book shop.
G	Luxury Beauty/Home	Contains a good range of luxury cosmetics (Dior, Giorgio Armani), as well as a range of homewares stores including a large Franc Franc store. This level is foreshortened by the bus terminus at the southern end of the centre.
UG	Young & active, high street fashion & accessories, beauty & entertainment.	The north western end of this is dominated by entertainment uses. The cinemas and ice skating rink are both located here alongside a mix of F&B outlets. The central part of this level is largely cosmetics and beauty, while the south eastern end of the level is mostly mid-market apparel. Log-On which is a variety store, anchors this end of the level. This level has the new Apple store.
L1	High street fashion & accessories	As the theme suggests, this level contains mass market retailers, with a focus on apparel such as G2000, Giordano Ladies, H&M and Uniqlo.
L2	Leisure, family & kids, fast food.	This level contains a range of smaller precincts, with youth and leisure fashion dominating including H&M Kids. The centre of this level has a number of children's clothing stores, and a food court.

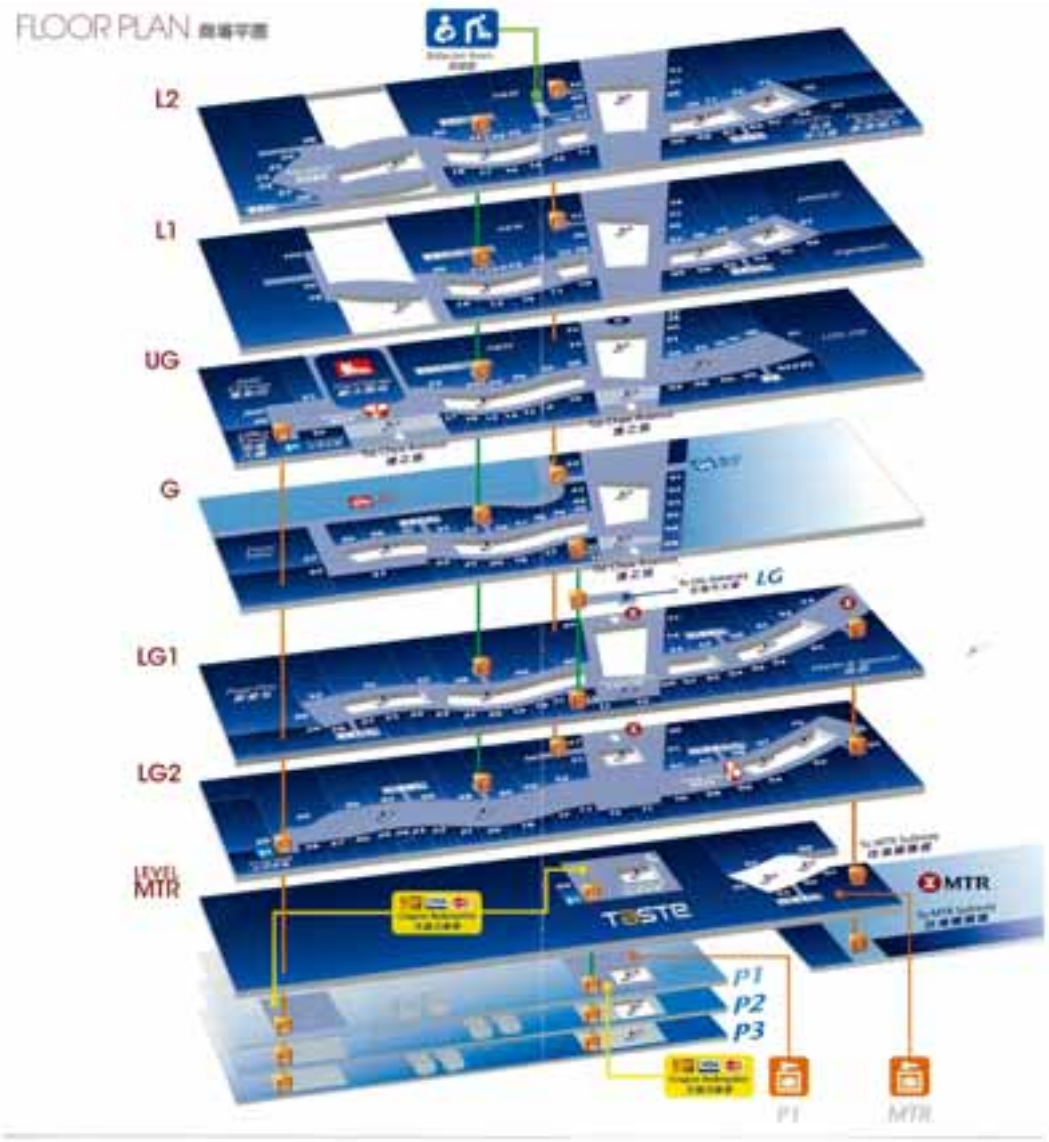
The distribution of floorspace by level and retailers type is contained in Tables 4.1 and 4.2, and presented in Figure 4.2.

Festival Walk provides 579,636 sq.ft of floorspace. It is distributed across seven levels, with Level UG being the largest (140,597 sq.ft) and level G being the smallest. Level G is effectively foreshortened by the bus and taxi termini on this level.

At around 35% of total floorspace, anchors (or 'majors') play a relatively minor role at Festival Walk. Further, the majors that it does have are small; the Taste supermarket on the MTR level is the largest retail tenant at around 33,000 sq.ft. At many centres, majors (such as department stores or hypermarkets) pay an important role in attracting visitors to the centre and occupy a large proportion of the LFA.

Not having large majors is not unusual in Hong Kong (or indeed much of Asia), with centres becoming more focused on attracting strong mini-major and specialty shop brands. Festival Walk has proved itself to be largely successful in attracting shoppers notwithstanding its absence of large majors.

F&B forms an important part of the overall tenant mix at Festival Walk and in total occupies 111,436 sq.ft LFA which represents 19% of the centres total LFA.


FLOOR PLAN
L2
L1
UG
G
LG
LG1
LG2
LEVEL MTR
MTR
P1
P2
P3
P1
MTR

Distribution of Retail Floorspace by Level

FESTIVAL WALK, 2012 CHART 4.1

	NLA [3]	
	(sq.ft)	%
MTR	55,800	10%
LG2	97,280	17%
LG1	96,500	17%
G	36,806	6%
UG	140,597	24%
L1	70,720	12%
L2	71,043	12%
Centre Total [2]	**579,636**	**100%**

1. Effective (annualised) rent has been provided by Mapletree, so total may be slightly different to than presented in P&L
2. Data for each level does not add up to the total as 'Centre Total' includes the banks, which are excluded from the floorspace for each level.
3. As at September 2012
Source: Mapletree; Urbis

Distribution of Floorspace by Type

FESTIVAL WALK, 2012 CHART 4.2

	NLA [3]	
	(sq.ft)	%
Majors [1]	55,790	9.6%
Apparel [2]	180,084	31.1%
F&B	111,436	19.2%
Cosmetics	19,510	3.4%
Homewares	54,900	9.5%
Services	18,840	3.3%
Leisure	48,896	8.4%
Jewellery	17,120	3.0%
Others	1,490	0.3%
Centre Total (Ex Non-Retail)	**508,066**	**87.7%**
Ice Skating, Cinema	60,680	10.5%
Banks	10,890	1.9%
Centre Total	**579,636**	**100.0%**

1. Includes Supermarket and Small Department Store
2. Includes fashion accessories, excludes Jewellery
3. As at September 2012
Source: Mapletree; Urbis

4.4 PARKING PROVISION

Festival Walk provides 830 car spaces across three basement levels accessed from the various levels and are accessed by car via Tat Chee Avenue.

These car spaces serve both the shopping centre and the 213,982 sq.ft of leasable office floorspace. This equates to an average provision of 1.04 car parks per 1,000 sq.ft of leasable area.

By global standards, this is not a high provision of car park space. However in the context of Asia (and particularly Hong Kong) with its dense population and good public transport connectivity a provision of around 1 space per 1,000 sq.ft is not uncommon and is considered adequate when compared to other major shopping centres in Hong Kong. A higher provision than this would benefit the centre, particularly at peak times, but we doubt that the car park provision is having a material negative impact on the centre.

4.5 REVIEW OF DESIGN & LAYOUT OF CENTRE

Festival Walk benefits from a very effective layout. It is designed around a single long mall, mostly with voids along the centre and tenancies on either side (refer Figure 4.2). The major strengths of the layout are as follows:

- There are a large number of well used entry and exit points to the centre from the MTR, bus and taxi drop offs, and pedestrian entrances. This helps distribute visitors throughout the centre. These entry points are spread vertically through the centre due to the sloped nature of the sight.
- The single mall makes for easy navigation through the centre. The lack of secondary malls is a strength as these can often be weaker locations for retailers. Gentle curves in the main mall provide for generally strong lines of site.
- The centre has an open, airy feel. The malls are wide, and uncluttered by kiosks. The centre is generally legible and easily navigated for a centre of this length and number of levels.
- The ice skating rink located in the central void is without doubt a feature of Festival Walk, particularly with its mountain back drop.
- The centre finishes and shop fronts are of a high quality and the overall architecture has a timeless quality about it.
- Vertical circulation through the centre is good with four or five escalators evenly distributed on each level. There are also a number of well distributed elevators throughout the centre.

The centre does not have any major design or layout weaknesses. However there are a small number of possible improvements that could be made to the centre over time:

- The lighting at the southern end of the centre on some of the mid-levels is dull. Given that some of these tenancies are already partially hidden by the escalators, these tenants could benefit from an improved outlook.
- The cinemas are now somewhat dated and ideally should be upgraded to meet rapidly improving modern standards.
- The food court has a lack of seating at peak times. While we understand that space in the centre is limited, consideration should be given to the potential to (a) expand the number of food court tenancies and (b) the amount of seating.

FIGURE 1 – FESTIVAL WALK INTERNAL IMAGES

PICTURE 1 – NEW CALVIN KLEIN JEANS

PICTURE 2 – LOG-ON & UNIQLO

PICTURE 3 – STRONG VERTICAL LINES OF SIGHT

PICTURE 4 – VERTICAL CIRCULATION

PICTURE 5 – GOOD NATURAL LIGHT, LINES OF SIGHT

PICTURE 6 – STRONG VERTICAL LINES OF SIGHT

4.6 PROJECT POSITIONING

Festival Walk is positioned as Hong Kong's pre-eminent 'regional' shopping centre outside of the major retail precincts of Tsim Sha Tsui and Hong Kong Island. Indeed, as a centre, Festival Walk has attributes that are as strong or stronger than the best in Hong Kong.

As a centre located in suburban Hong Kong, it plays a very broad role. It provides convenience retailing for shoppers' daily needs, mid-range retailers for both local residents and students, as well as some more luxurious brands. It does not however provide the most exclusive luxury brands (e.g. Louis Vuitton), nor does it provide the lower end retailers that are regularly found in suburban shopping centres (e.g. discount variety stores).

Festival Walk is a high quality, mid to upper level shopping centre, providing the residents of Kowloon (and beyond) with a good range of brands that they utilise on a regular or semi-regular basis. Other features of the centre which assist the centre in drawing from a very wide area (not just its local area) include its iconic architecture, spacious feeling and its extensive entertainment and leisure offering including the ice skating rink and its cinemas.

The centre fits nicely into its immediate catchment. The surrounding suburb (Kowloon Tong) contains a range of luxury residential developments housing mid to high income families.

Unlike some other centres in Hong Kong, Festival Walk has retained its focus on its local market. Centre management is acutely aware of the risks that come with relying too heavily on mainland tourists for trade. They continue to market the centre to Chinese shoppers, but have indicated that their focus will be to remain highly relevant to its local resident catchment.

The quality and tenant list of Festival Walk means that it will continue to attract tourists, but we expect that centres more focused on this market (e.g. New Town Plaza) are likely to take an increasingly large share of the tourist market. We agree with Festival Walk's approach – it would be very easy for the Chinese government to turn off the tourist tap, either directly or by changing the rules around taxation of luxury products.

4.7 PROPOSED ENHANCEMENTS & CHANGES TO TENANT MIX

Proposed changes to the centre are relatively minor, most of which involve tenant remixing. Centre management is still in discussion with the local Government regarding the expansion of the Taste supermarket by around 11,000 sq.ft. We understand Centre Management is in the process of receiving approval.

Remaining changes to the centre essentially involve tenant remixing and relocating, with the majority of capital works largely being general maintenance.

We note that in recent times Centre Management has made a number of tenancy changes over the past twelve months or so. Apple is probably the biggest addition to the centre, but others including Paul Smith have also been brought into the centre.

5 Past & Current Trading Performance

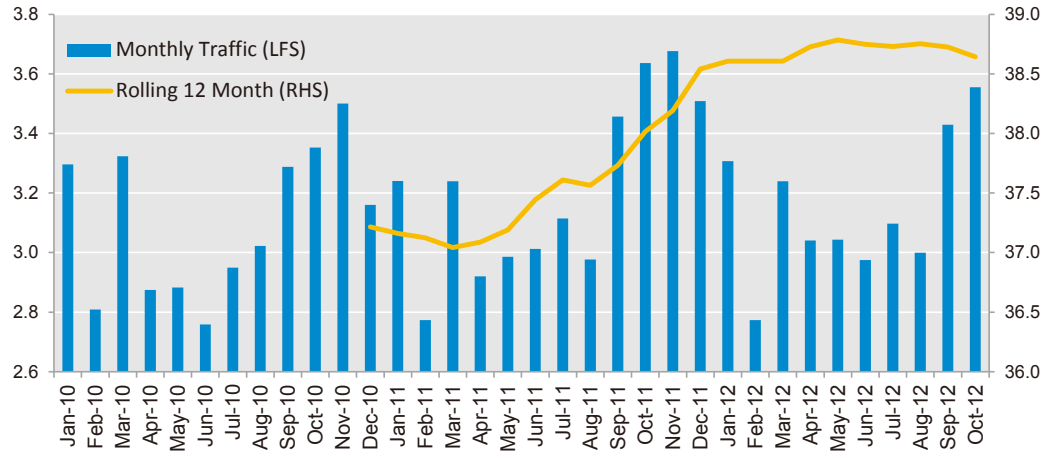
This section provides an analysis of the performance of the Festival Walk shopping centre as a property asset. It includes an examination of various performance metrics, including pedestrian traffic, floorspace sales productivity and rental levels.

5.1 PEDESTRIAN TRAFFIC

Due to its popularity as a shopping destination and co-location with some major education institutions, Festival Walk generates a high level of pedestrian traffic. Over the past couple of years, the centre has seen around 3.2 million visitors per month, or around 38 million per annum. Visitation remains relatively consistent throughout the calendar year, being strongest leading up to the Christmas/ New Year period, and weakest in February.

Pedestrian Traffic

TOTAL VISITATION, MONTHLY & ANNUALLY CHART 5.1



Source: Mapletree;

To provide some context, Ion Orchard Road (Singapore) reports visitation of 54 million, however this is located on top of the main Orchard Road MRT station (Orchard). We understand that Pacific Place (Hong Kong Island) generates visitation of around 36 million, partially due to a large surrounding workforce.

Similarly, Suria KLCC in Kuala Lumpur has a reported annual visitation of 38 million and VivoCity in Singapore has 40 million. Needless to say all of these centres, Festival Walk included, are highly successful and are market leaders not only in terms of pedestrian traffic but also in the sales and rental levels that they achieve.

A number of factors are driving the strength of Festival Walk's high pedestrian count:

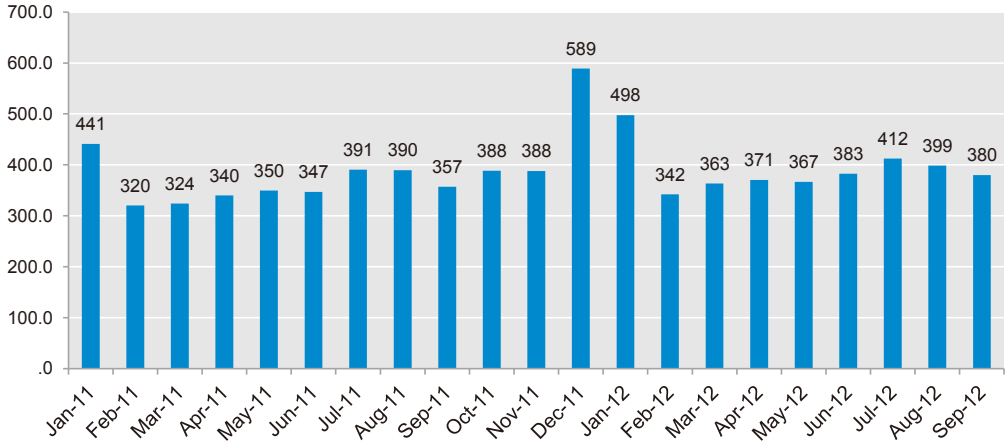
- Its location above the Kowloon Tong MTR station;
- Its direct links to the City University of Hong Kong;
- The relative strength of its retail offering; and
- Its popularity throughout Hong Kong as a location for shopping and leisure.

5.2 FESTIVAL WALK SALES

The capacity to attract large numbers of visitors results in very high turnover levels for a centre of this size. In the year to September 2012, the centre generated HK $4.8 billion in turnover[3]. The pattern of trade during the calendar year is, like footfall, relatively consistent except for spikes during Christmas and New Year.

Monthly Turnover

FESTIVAL WALK (HK$M), JANUARY 2011 TO SEPTEMBER 2012 CHART 5.2



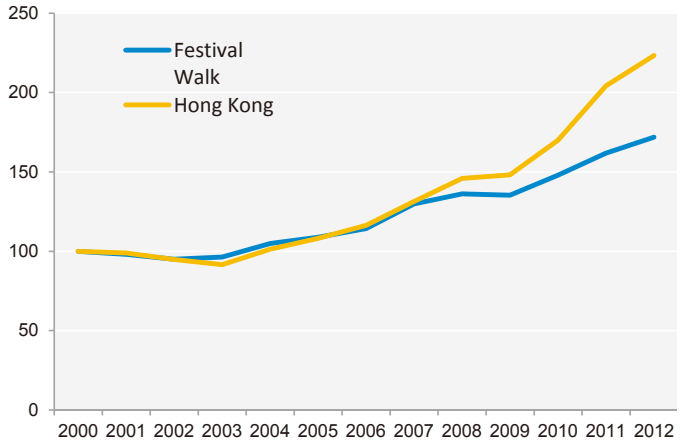
Source: Mapletree;

Chart 5.3 presents the long term growth in sales at Festival Walk, with a comparison to total sales in Hong Kong. This is presented as an index where the year 2000 equals 100. This shows that Festival Walk has achieved relatively stable growth over the period, generating 6.3% per annum growth over the ten years since 2002. As we would expect, growth has not been as strong as for the market as a whole which has grown by 8.9% over the period. This is to be expected – much of the market growth has been driven by growth in tourism, to which Festival Walk is relatively less reliant.

[3] Excludes a major tenant who started operations in 2012 and turnover is not yet available.

Turnover Growth

FESTIVAL WALK, JANUARY 2000 TO SEPTEMBER 2012 CHART 5.3



10 Year Growth:

Festival Walk	6.3%
Hong Kong Sales	8.9%

5 Year Growth:

Festival Walk	6.2%
Hong Kong Sales	11.2%

1. 2011 data not provided, estimated as the average between 2010 and 2012 turnover
Source: Mapletree; Urbis

For the purposes of analysing the sales and rental performance of Festival Walk, Mapletree has provided Urbis with aggregated data only and not at the tenant level which we would normally be provided with in order to complete a more through and detailed analysis. This means that our analysis in this instance is at a higher level and more general. At the same time however, we believe the level of detail provided has been sufficient to understand how Festival Walk is performing on these metrics.

The current sales and retail floorspace sales productivity (HK$ per sq.ft) for Festival Walk is presented in Table 5.1 (by level) and Table 5.2 (by tenant type). These tables show that:

- Festival Walk generated HK $4,845 million in turnover in the year to September 2012, with an average retail productivity of HK $9,305 per sq.ft. This is a very healthy trading level for a suburban mall, even by global standards and after taking into account of the fact that the centre doesn't have large major tenants that can lower average trading levels.
- The MTR level is by far the strongest level. This is due to the presence of some high trading tenants including the supermarket, pharmacy and electronics stores. Level G is also trading strongly thanks to its provision of cosmetics and jewellery tenants.
- The centre's trading performance remains reasonably consistent throughout the centre. Indeed the upper two levels (which in many centres would be the weakest levels) are actually out-trading some of the lower levels. This is a product of (a) a good distribution of tenants vertically through the centre, (b) the design of the centre which provides access to the centre for various levels.
- The levels that are trading at lower levels (UG and LG1) contain some larger tenants that keep average trading levels down – these levels are still trading at healthy levels.
- All of the individual tenant groups are trading well. As is typically the case, F&B is trading at lower than average levels, while jewellery and cosmetics are trading very strongly.

Retail Sales & Rent by Level

FESTIVAL WALK, YEAR TO SEPTEMBER 2012, BY LEVEL — TABLE 5.1

	NLA	Turnover		OCR	Gross Rent [1]	
	(sq.ft)	(HK$m)	(HK$ psf)	(%)	(HK$m)	(HK$ psf)
MTR	55,800	1,058.2	18,965	7.1%	81.8	1,466
LG2	97,280	858.3	8,823	17.0%	147.6	1,518
LG1	96,500	656.2	6,800	19.6%	142.1	1,473
G	36,806	457.0	12,416	17.3%	79.2	2,151
UG	140,597	802.5	5,707	19.1%	152.6	1,085
L1	70,720	512.3	7,244	20.4%	104.8	1,482
L2	71,043	500.8	7,049	20.4%	102.4	1,441
Centre Total [2]	**579,636**	**4,845.2**	**8,359**	**17.0%**	**839.4**	**1,448**

1. Effective (annualised) rent has been provided by Mapletree, so total may be slightly different to than presented in P&L

2. Data for each level does not add up to the total as 'Centre Total' includes the banks. The OCR calculation excludes a large tenant for which turnover has not been provided as it only opened mid 2012.

Source: Mapletree; Urbis

Retail Sales & Rent by Tenant Type

FESTIVAL WALK, YEAR TO SEPTEMBER 2012 — TABLE 5.2

	NLA	Turnover		OCR	Gross Rent [1]	
	(sq.ft)	(HK$m)	(HK$ psf)	(%)	(HK$m)	(HK$ psf)
Majors	55,790	546.4	9,794	11.7%	63.7	1,141
Apparel [2]	180,084	1,477.6	8,205	21.8%	322.0	1,788
F&B	111,436	750.0	6,730	17.0%	127.5	1,144
Cosmetics	19,510	460.6	23,610	17.7%	81.6	4,180
Homewares	54,900	614.0	13,920	7.5%	61.1	1,114
Services	18,840	195.6	10,385	15.0%	29.3	1,556
Leisure	48,896	266.7	5,454	16.6%	44.2	903
Jewellery	17,120	394.1	23,020	12.4%	48.7	2,844
Others	1,490	22.4	15,016	22.6%	5.1	3,400
Centre Total (Retail) [3]	**508,066**	**4,727.5**	**9,305**	**16.2%**	**783.0**	**1,541**
Ice Skating, Cinema	60,680	117.7	1,940	23.3%	27.4	452
Banks	10,890	n.a	n.a	n.a	28.9	2,656
Centre Total [3]	**579,636**	**4,845.2**	**8,359**	**17.0%**	**839.4**	**1,448**

1. Effective (annualised) rent has been provided by Mapletree, so total may be slightly different to than presented in P&L

2. Includes fashion accessories, excludes Jewellery

3. We have not received turnover for a large tenant that only opened mid 2012. Gross rent for the sub-total does include rent for this store, but turnover and the OCR excludes it. Therefore, the OCR presented is slightly different to that which would be calculated if the gross rent shown in the table is divided by the turnvover shown in the table.

Source: Mapletree; Urbis

5.3 EXISTING RENTALS & OCCUPANCY COST RATIOS

In the year to September, 2012, Festival Walk generated gross rent of HK $839.4 million. Urbis defines gross rent as base rent *plus* turnover rent *plus* service charges and marketing costs. It specifically excludes chilled water charges and utilities supplied for the tenanted areas. Applying this definition across all tenants results in an average rent of HK $1,448 per sq.ft per annum. The specialty shops (including larger specialty shops such as H&M) are estimated to have a slightly higher average rent of HK $1,591 per sq.ft.

In terms of the sustainability of rents, it is important to look at the Occupancy Cost Ratio (OCR). The OCR is the ratio of gross rents to turnover. It is a good measure of sustainability – an OCR that is too high can result in financial stress for tenants and ultimately lower rents or higher vacancy.

Festival Walk's total retail OCR is 16.2%[4]. If we exclude the centre's two major tenants, this increases slightly to 16.8%. A specialty OCR of 16.8% sits within the range that we would expect. Typically, suburban shopping centres would be expected to operate a specialty shop OCR of between 15%-18%, while centres located in major retail precincts such as Central or Tsim Sha Tsui might be expected to operate at higher specialty shop OCRs of between 20% and 25%.

The average OCR does disguise the fact that the centre has tenants operating at OCRs both above and below the average – for example apparel tenants as a whole have an OCR of 21.8%. We are not privy to the trading and rental levels of individual tenants, but we expect that, as in all centres, there may be a number of tenants who are operating at OCRs which are not sustainable over the longer term. Equally, we also expect that there are certain tenants whose rent could be increased.

In order to provide some context around OCRs, it is interesting to consider some international examples. A good example is Singapore. Many of the retailers operating in Festival Walk are also operating in Singapore. The specialty OCRs in Singapore vary greatly (as they do in Hong Kong), but exhibit the following ranges:

- Central Malls (including Orchard Road): 20% to 30%
- Suburban Malls: 16% to 24%.

Festival Walk's specialty OCR sits in the range seen for Singapore's suburban shopping centres.

In summary, the level of rent being achieved at Festival Walk appears to be at a reasonable level given the rents being achieved in other similar centres. Furthermore, the specialty OCRs appear to be sustainable.

5.4 REVIEW OF CAPITAL EXPENDITURE PROGRAM

Mapletree has provided us with a summary of budgeted capital expenditure for the next five years. The projects on the summary are largely maintenance type projects such as repairing skylights and floor resurfacing. Between 2012 and 2015, the budget shows an average of HK $7.3 million being spent on cap-ex and major works.

As a rule of thumb, we would normally expect to see on average around 1.5%-2.5% of gross income spent on cap-ex and major works over the life of a project. This can be lumpy (i.e. doesn't have to happen every year). However, it does suggest that in this case the amount of capital works required over the longer term (i.e. beyond 2015) might need to be somewhat higher than will be spent over the next couple of years, particularly as the centre continues to age and the need for more major refurbishment arises.

[4] Excludes a major tenant who started operations in 2012 and turnover is not yet available.

6 Customer Profile

Mapletree is currently undertaking consumer research for Festival Walk in the form of an intercept survey. The survey has been conducted (July 2012), however full results are not yet available. The intercept survey was actually made up of two sub-surveys:

1. A survey of 290 local Hong Kong shoppers;

2. A survey of 208 Chinese mainland shoppers.

Some survey results have been made available to Urbis, but these are preliminary in nature. However they do provide a broad indication of Festival Walk's customer profile:

- The majority of Festival Walk's shoppers unsurprisingly come from Kowloon. However the New Territories (particularly Sha Tin) are important sources of business for the centre as well.

- Chinese tourists, who make up an important market segment for the centre, mostly come from Guangdong just over the border.

- The level of education and average monthly income of shoppers at Festival Walk is relatively high. The immediate area in which Festival Walk is located is well known for its higher incomes and more affluent families. According to the survey, the median monthly household income of shoppers was around HK$45,000. In Hong Kong overall, the median household income is estimated at just over HK$20,500. This is a very large disparity which suggests that Festival Walk is attracting those Hong Kong residents and visitors with the highest incomes[5]. Visitors have a high level of education, again unsurprising given the centre's co-location with tertiary education institutions.

- The stores favoured by shoppers' is interesting and not necessarily what might be expected. Local shoppers like Log-On (variety store), AMC Cinema, H&M and Page One (books). More surprisingly, Chinese shoppers' favourite stores are Mannings (pharmacy/cosmetics), Broadway (electronics), Watsons (pharmacy/cosmetics) and Fortress (electronics). One might have expected the luxury brands to be more popular with the mainland tourists. We note that since the survey was conducted a number of luxury watch brands have been introduced to the centre which may effect this result.

6.1 IDENTIFIED KEY MARKET SEGMENTS FOR THE CENTRE

The survey results indicate Festival Walk's most important segments are:

- Local residents – the wealthy residents living in and around Kowloon Tong. Of particular importance are the 'housewives' doing more regular shopping.

- Youth – the University provides the centre with a strong captive market of young shoppers, but the centre is also attracting a large amount of other young people to the centre.

- Greater Hong Kong – while Festival Walk is attracting a large amount of visitation from its immediate vicinity, it is also attracting an impressive amount of business from throughout Kowloon (particularly around Mong Kok), the New Territories (Sha Tin) and even Hong Kong Island.

- Tourists – the tourist market from China is an important one, notwithstanding the fact that many centres in Hong Kong are much more reliant on this market. It makes up a relatively significant proportion of Festival Walk's visitation, and provides the potential for strong growth.

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[5] The Hong Kong median income figure comes from the 2011 Census. Census estimates of household income are often underestimates as respondents are loathed to list their real income in a survey, or fail to recall all components of their income. Nevertheless, we still believe that Festival Walk is attracting a higher income clientele.

6.2 CONCLUSIONS

The main conclusions from these surveys are as follows:

- The centre is performing very well in attracting a high number of customers from throughout Hong Kong and tourists.
- The centre is highly regarded and centre management appears to be performing very well on all fronts.
- The centre's local catchment remains of crucial importance to the centre, and is the main driver of the centre's performance.
- The tenant mix at Festival Walk appears to be popular and generally appropriate for the role that Festival Walk is playing in the broader retail hierarchy.
- In the future we would strongly recommend that exit surveys be undertaken at the centre on a regular basis (once every two years) and that the sample size be increased to at least 500 respondents.

7 Trade Area Analysis & Spending Forecasts

Consideration is now given to the trade area served by Festival Walk commencing with a definition of the trade area. This is then followed with forecasts for the trade area population by sector and the amount of retail spending generated by each trade area sector (i.e. the total expenditure by residents of the trade area that is spent on retail merchandise, regardless of where it is spent). Finally, we provide an estimate of the retail market share that Festival Walk is achieving.

7.1 TRADE AREA DEFINITION

We have defined the trade area on the basis of our understanding of the centre, the ease of access via roads and public transport and other such geographical attributes that impact on residents shopping habits.

The trade area includes a primary sector, four secondary sectors and a tertiary sector, defined as follows:

- The **primary sector** extends up to 3 km from Festival Walk, and is generally within 10 minutes drive. Residents are generally only one MTR stop from Festival Walk (Kowloon Tong).

- The **secondary north** sector encompasses the area around Sha Tin. These residents are generally within 10 km drive (~15 to 20 minutes in traffic). While this is a reasonably large distance for a secondary sector, these residents are well serviced by the MTR East line that runs directly to Festival Walk.

- The **secondary east** sector includes residents living up to 5 km drive from Festival Walk to the east. These residents can access Festival Walk via the Kwun Tong Line, although many residents are not that close to a station.

- The **secondary south** sector is the area is between 3 km and 6 km drive to the south of Festival Walk, generally located along the MTR East line. While access is relatively simple for these residents, the strength of competition in and around Tsim Sha Tsui, Nathan Road and Canton Road limits Festival Walk's penetration to some degree.

- The **secondary west** sector is located between 2 km and 5 km to Festival Walks west. Direct access is essentially via road as neither of Festival Walk's lines pass through this area (although a relatively easy change of train can be made further south).

- The **tertiary south east** sector includes the suburbs of Kowloon Bay and Kwun Tong to the south-east as well as Kai Tek and Kowloon East. This sector is located between 3 km and 7 km drive from Festival Walk. Residents of this area can easily reach Festival Walk via the Kwun Tong MTR line.

Festival Walk attracts customers throughout Hong Kong (and beyond), with the estimated distribution of customers and centre sales as detailed in Table 7.1. The surveys undertaken at Festival Walk to date have not provided adequate information to accurately estimate the distribution of turnover. What we have provided in Table 7.1 is an estimate based on the survey data that is available, our knowledge of the centre and experience with similar centres.


Secondary North
Secondary East
Festival Walk
Secondary West
Primary
2km
Tertiary
South East
Secondary South
5km
Primary
Secondary North
Secondary East
Secondary South
Subject Site
Secondary West
Tertiary South East
N
0
1
2
Kilometers

Estimated Distribution of Turnover

FESTIVAL WALK, 2012 TABLE 7.1

	Distribution (%)			
	F&B	Apparel	Other	Total
Primary	18%	18%	18%	18%
Secondary North	9%	9%	9%	9%
Secondary East	6%	6%	6%	6%
Secondary South	12%	12%	12%	12%
Secondary West	4%	4%	4%	4%
Main Trade Area	**49%**	**49%**	**49%**	**49%**
Tertiary South East	3%	3%	3%	3%
Other Hong Kong	30%	30%	30%	30%
Tourists	18%	18%	18%	18%
Total	**100%**	**100%**	**100%**	**100%**

Source: Urbis

7.2 TRADE AREA DEMOGRAPHICS

The demographic profile of the main trade area has been compiled based on figures presented in Hong Kong's most recent population census (2011). Where available, data pertaining to Hong Kong Tertiary Planning Units has been used to estimate trade area demographics. The following is a discussion of key demographic characteristics as they apply to Festival Walk's main trade area.

Table 7.2 shows the age profile of the trade area in comparison with that of Hong Kong. The only age bracket for which there exists a noteworthy departure from the Hong Kong distribution is in the 65+ bracket, in which the main trade area has a slightly higher representation. In all other charts, the proportions remain broadly in line with Hong Kong averages

Age of Residents

PROPORTION OF RESIDENTS IN EACH AGE COHORT, 2011 TABLE 7.2

	Age					
	Under 15	**15-24**	**25-44**	**45-64**	**65+**	**Total**
Primary	10.4%	11.8%	27.2%	31.8%	18.8%	100.0%
Secondary North	10.1%	12.1%	30.8%	32.9%	14.2%	100.0%
Secondary East	10.8%	13.1%	27.6%	31.0%	17.5%	100.0%
Secondary South	11.2%	10.8%	31.3%	30.2%	16.4%	100.0%
Secondary West	11.0%	11.7%	28.9%	30.2%	18.2%	100.0%
Main Trade Area	**10.7%**	**11.7%**	**29.6%**	**31.2%**	**16.8%**	**100.0%**
Kowloon	11.5%	11.6%	30.3%	30.2%	16.4%	100.0%
Total Hong Kong	**11.6%**	**12.4%**	**31.4%**	**31.3%**	**13.3%**	**100.0%**

Source : Census and Statistics Department

Table 7.3 presents the highest level of education attained by residents in the main trade area and Kowloon. The figures indicate that the main trade area has a slightly lower educational level than the average for Hong Kong in terms of the proportion of residents having attained secondary and tertiary education. On the other hand, significantly higher proportion of the main trade area has completed primary education in comparison to the Hong Kong average.

Education Level

PROPORTION OF RESIDENTS (15+) IN EACH EDUCATION CATEGORY, 2011 TABLE 7.3

	Highest Level of Education			
	Primary	**Secondary**	**Tertiary**	**Total**
Primary	30.5%	46.3%	22.7%	100.0%
Secondary North	25.4%	49.7%	24.9%	100.0%
Secondary East	37.3%	36.0%	26.7%	100.0%
Secondary South	22.8%	49.0%	28.2%	100.0%
Secondary West	28.6%	51.9%	19.4%	100.0%
Main Trade Area	**27.7%**	**47.2%**	**25.0%**	**100.0%**
Kowloon	25.1%	49.9%	24.9%	100.0%
Total Hong Kong	**22.7%**	**50.0%**	**27.3%**	**100.0%**

Source : Census and Statistics Department

Table 7.4 sets out the distribution of resident occupations with respect to the working population relative to Hong Kong averages. The trade area's occupation profile has a slightly lower proportion of white collar workers, with a higher concentration in services. Other than this, the proportions are broadly in line with Hong Kong averages. It is worth noting that 29% of the working population within the primary trade area are blue collar workers, compared with a Hong Kong average of 25%.

Occupation by Working Population

OCCUPATION AS A PROPORTION OF WORKING POPULATION, 2011 TABLE 7.4

	Occupation				
	White Collar	**Blue Collar**	**Services**	**Other**	**Total**
Primary	46.0%	29.1%	17.1%	7.8%	100.0%
Secondary North	49.4%	24.2%	17.9%	8.5%	100.0%
Secondary East	46.5%	25.0%	19.9%	8.6%	100.0%
Secondary South	53.1%	22.7%	17.4%	6.8%	100.0%
Secondary West	44.4%	25.6%	20.6%	9.4%	100.0%
Main Trade Area	**48.7%**	**25.0%**	**18.3%**	**8.0%**	**100.0%**
Kowloon	49.9%	24.7%	18.0%	7.4%	100.0%
Total Hong Kong	**51.8%**	**24.5%**	**16.2%**	**7.5%**	**100.0%**

1. White collar includes managers, administrators, professionals, associate professionals and clerks

2. Blue collar includes plant & machine operators and assemblers, and elementary occupations

3. Services includes service workers and shop sales workers

4. Other includes skilled agricultural & fishery workers, and craft workers.

Source : Census & Statistics Department, Hong Kong; Urbis Australia

Table 7.5 illustrates the distribution of average monthly household incomes in the main trade area and Kowloon relative to the Hong Kong average. It is recognised that education levels and occupations have a significant bearing on working population incomes. As such, the primary sector has a slightly higher proportion of Low and Low/Mid workers in comparison with Hong Kong averages. Of particular note is that the primary south has a significantly higher proportion of its working population in the high income bracket relative to the Hong Kong average. On aggregate, the distribution of working population by income are broadly in line with those for Hong Kong, save for marginally higher proportion of working population in the Low/Mid category, and the slightly higher proportion in the High category.

Monthly Domestic Household Income

PROPORTION OF HOUSEHOLDS BY MONTHLY INCOME CATEGORY TABLE 7.5

	Income Level				
	Low	**Low/Mid**	**Mid/High**	**High**	**Total**
Primary	31.8%	26.2%	25.2%	16.8%	100.0%
Secondary North	26.0%	26.2%	29.9%	17.9%	100.0%
Secondary East	30.1%	26.6%	30.1%	13.3%	100.0%
Secondary South	24.4%	23.4%	27.5%	24.7%	100.0%
Secondary West	35.0%	29.3%	25.6%	10.1%	100.0%
Main Trade Area	**28.5%**	**25.8%**	**27.6%**	**18.0%**	**100.0%**
Kowloon	28.1%	25.0%	27.1%	19.9%	100.0%
Total Hong Kong	**12.4%**	**26.3%**	**33.8%**	**27.6%**	**100.0%**

1. Low is less than HK $10,000 per month

2. Low/Mid is less than HK$ 10,000-20,000 per month

3. Mid/High is less than HK$20,000-40,000 per month.

4. High is HK$40,000+

Source : Census & Statistics Department, Hong Kong; Urbis Australia

7.3 TRADE AREA AVERAGE RETAIL SPENDING PER CAPITA

Urbis has used the following sources in order to estimate the level of per capita retail spending in Hong Kong and in Festival Walk's trade area:

- The Hong Kong 2009/10 Household Expenditure Survey;
- Annual Retail Sales Estimates provided in the Hong Kong Annual Digest of Statistics (Various Editions up to 2012);
- Income, populations and demographic data provided in the 2011 Population By-Census from the Hong Kong Census and Statistics Department.

Table 7.6 shows our estimates of the level of per capita retail expenditure in the Festival Walk trade area in 2012 and 2017. It should be noted at this point that the Urbis definition of retail spending excludes that on entertainment, such as cinemas. The categories of F&B, Apparel and Other have been chosen on the basis that the majority of Festival Walk's turnover comes from F&B and Apparel.

In 2012 residents in the main trade area are estimated to have an average per capita retail expenditure of around HK $45,522 per annum, which is slightly lower than the Hong Kong average of HK $48,292. Approximately 27% of this spending goes to F&B, just 13% to apparel, and the rest to other, including groceries, homewares, retail services, bulky goods etc.

There is a wide range in spending levels within the main trade area, with the secondary south showing the strongest retail spending, followed by the secondary north and the primary. It is recognised that average retail spending per capita in the primary sector is constrained by the generally lower income area in the western part of this sector.

Table 7.6 also shows the forecast per capita retail expenditure in 2017 in nominal terms. In the main trade area per capita retail expenditure is forecast to grow at an average of 6.9% per annum over the period, the same rate as for Hong Kong as a whole. Being in nominal terms, growth includes inflation as well as growth in real per capita retail expenditure.

Per Capita Retail Expenditure

FORECAST PER CAPITA RETAIL EXPENDITURE (NOMINAL HK$), 2012-2017 TABLE 7.6

2012	F&B	Apparel	Other	Total
Primary	11,763	5,689	26,198	43,649
Secondary North	12,185	5,892	27,136	45,213
Secondary East	11,103	5,369	24,727	41,200
Secondary South	13,706	6,628	30,524	50,858
Secondary West	11,090	5,363	24,699	41,152
Main Trade Area	**12,268**	**5,933**	**27,322**	**45,522**
Tertiary South East	11,229	5,430	25,009	41,668
Total Trade Area	**12,096**	**5,850**	**26,939**	**44,884**
Kowloon	12,815	6,197	28,540	47,553
Total Hong Kong	**13,014**	**6,294**	**28,984**	**48,292**
2017				
Primary	15,643	7,565	34,840	58,048
Secondary North	16,204	7,836	36,088	60,128
Secondary East	14,765	7,141	32,884	54,791
Secondary South	18,227	8,815	40,593	67,635
Secondary West	14,748	7,132	32,847	54,728
Main Trade Area	**16,315**	**7,890**	**36,335**	**60,540**
Tertiary South East	14,933	7,222	33,258	55,414
Total Trade Area	**16,097**	**7,785**	**35,850**	**59,731**
Kowloon	17,042	8,242	37,955	63,239
Total Hong Kong	**17,307**	**8,370**	**38,545**	**64,222**
Annual Growth 2012-2017				
Primary	5.9%	5.9%	5.9%	5.9%
Secondary North	5.9%	5.9%	5.9%	5.9%
Secondary East	5.9%	5.9%	5.9%	5.9%
Secondary South	5.9%	5.9%	5.9%	5.9%
Secondary West	5.9%	5.9%	5.9%	5.9%
Main Trade Area	**5.9%**	**5.9%**	**5.9%**	**5.9%**
Tertiary South East	5.9%	5.9%	5.9%	5.9%
Total Trade Area	5.9%	5.9%	5.9%	5.9%
Kowloon	5.9%	5.9%	5.9%	5.9%
Total Hong Kong	**5.9%**	**5.9%**	**5.9%**	**5.9%**

Source : Census & Statistics Department, Hong Kong; Urbis

7.4 TRADE AREA POPULATION & RETAIL SPENDING FORECASTS

Table 7.7 presents our population forecasts for Hong Kong and the Festival Walk trade area from 2012 to 2017. The trade area population has been estimated based on Small Tertiary Planning Unit data in conjunction with district-level data sourced from the Hong Kong Census and Statistics Department. This data has been aggregated to reflect the Festival Walk trade area.

The main trade area population is estimated to be approximately 1.44 million in 2012, 248,000 (i.e. 17%) of which is located in the primary sector. The secondary south represents the largest part of the main trade area, constituting approximately 32% of the population. It is recognised that the trade area encompasses a significant amount of people, with the trade areas defined in order to capture the broad appeal of the centre, the ease of access via MTR, as well as the considerable density of the population in the surrounding area.

The population of the main trade area is projected to grow at approximately 0.9% per annum to 2017, reaching a 2017 level of approximately 1.51 million. This represents an additional 70,000 people. Areas of the trade area that are expected to record the highest rates of growth are secondary west, followed by the secondary north, which are forecast to have annual growth rates of around 2% and 1.9% respectively. This is due to the fact that in these areas there are more opportunities for residential development.

In the median and longer term future but post 2017, there is expected to be very strong population growth in the tertiary sector coinciding with the considerable amount of residential development that is expected to occur as part of the Kai Tak Airport redevelopment and which will add a further 90,000 residents to this sector over a 10-15 year period.

Trade Area Population

FORECAST TRADE AREA POPULATION BY SECTOR AND YEAR, 2012-2017 TABLE 7.7

	Population						Annual Growth	
Total Population	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**No.**	**%**
Primary	248,396	249,574	250,178	250,282	251,621	254,055	1,132	0.5%
Secondary North	296,960	303,922	309,496	319,831	325,776	326,775	5,963	1.9%
Secondary East	237,921	237,855	236,636	234,925	233,592	232,926	- 999	-0.4%
Secondary South	460,453	465,074	467,422	469,026	473,667	477,464	3,402	0.7%
Secondary West	199,449	204,819	206,279	213,847	216,899	220,372	4,185	2.0%
Main Trade Area	**1,443,179**	**1,461,244**	**1,470,010**	**1,487,911**	**1,501,556**	**1,511,593**	**13,683**	**0.9%**
Tertiary South East	286,380	287,402	286,018	285,117	283,976	283,125	- 651	-0.2%
Total Trade Area	**1,729,559**	**1,748,646**	**1,756,027**	**1,773,028**	**1,785,532**	**1,794,717**	**13,032**	**0.7%**
Kowloon	2,141,236	2,171,989	2,195,541	2,212,286	2,230,275	2,258,501	23,453	1.1%
Total Hong Kong	**7,154,000**	**7,183,000**	**7,210,000**	**7,235,000**	**7,259,000**	**7,283,080**	**25,816**	**0.4%**

Source : Census & Statistics Department, Hong Kong; Urbis

The population forecasts presented in Table 7.7 have been used in conjunction with the per capital retail expenditure figures set out in Table 7.6 to construct an estimate of trade area retail spending from 2012 to 2017, and this is now presented in Table 7.8.

Main trade area retail expenditure is set to grow by 6.9% over this period, with the greatest growth occurring in the secondary west and north, driven by stronger population growth.

Trade Area Retail Expenditure

FORECAST RETAIL EXPENDITURE (NOMINAL, HK$ MILL), 2012-2017 TABLE 7.8

2012	F&B	Apparel	Other	Total
Primary	2,922	1,413	6,507	10,842
Secondary North	3,618	1,750	8,058	13,427
Secondary East	2,642	1,277	5,883	9,802
Secondary South	6,311	3,052	14,055	23,418
Secondary West	2,212	1,070	4,926	8,208
Main Trade Area	**17,705**	**8,562**	**39,430**	**65,697**
Tertiary South East	3,216	1,555	7,162	11,933
Total Trade Area	**20,920**	**10,117**	**46,592**	**77,629**
Kowloon	27,440	13,270	61,112	101,822
2017				
Primary	3,974	1,922	8,851	14,747
Secondary North	5,295	2,561	11,793	19,648
Secondary East	3,439	1,663	7,660	12,762
Secondary South	8,703	4,209	19,382	32,293
Secondary West	3,250	1,572	7,238	12,060
Main Trade Area	**24,661**	**11,926**	**54,924**	**91,512**
Tertiary South East	4,228	2,045	9,416	15,689
Total Trade Area	**28,889**	**13,971**	**64,340**	**107,201**
Kowloon	38,490	18,614	85,722	142,826
Annual Growth 2012-2017				
Primary	6.3%	6.3%	6.3%	6.3%
Secondary North	7.9%	7.9%	7.9%	7.9%
Secondary East	5.4%	5.4%	5.4%	5.4%
Secondary South	6.6%	6.6%	6.6%	6.6%
Secondary West	8.0%	8.0%	8.0%	8.0%
Main Trade Area	**6.9%**	**6.9%**	**6.9%**	**6.9%**
Tertiary South East	5.6%	5.6%	5.6%	5.6%
Total Trade Area	**6.7%**	**6.7%**	**6.7%**	**6.7%**
Kowloon	7.0%	7.0%	7.0%	7.0%

Source : Census & Statistics Department, Hong Kong; Urbis

7.5 RETAIL SPENDING GENERATED BY OTHER RELEVANT MARKET SEGMENTS

Other major market segments that will also have a notable effect on retail spending at Festival Walk include the tourists and the university students.

7.5.1 TOURISTS

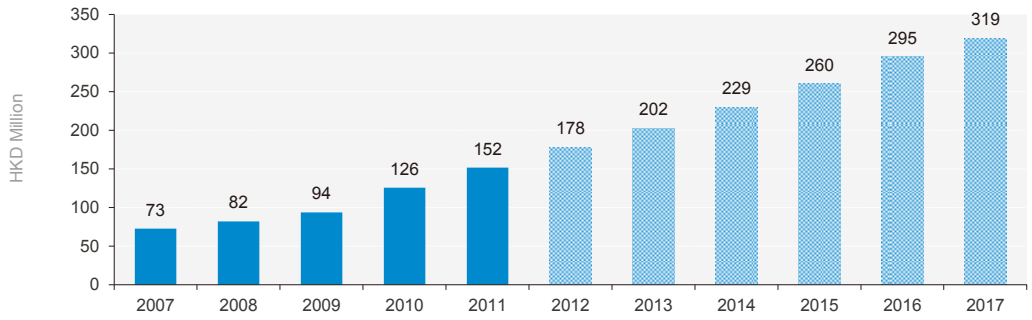
It is estimated that around 15% of shoppers at Festival Walk are tourists, with around 70% of these being from China. Tourists have a higher than average spend per visit which results in tourists accounting for 18% of Festival Walk's total retail sales.

However, it would appear that Festival Walk is attracting a slightly different type of mainland visitor than those seen on Canton Road (Kowloon) or in Central. We would expect that the visitors are more 'local' in their outlook – that is, they are in Hong Kong independently for reasons of business or family or on shopping daytrips and thus more likely to visit a shopping centre located away from the core tourist precincts. The visitors to Festival Walk are less likely to be on a tour bus, and have more capacity to do their own thing.

Chart 7.1 shows the nominal sales attributable to inbound tourists in Hong Kong from 2007-2017. Retail sales from tourists have grown strongly from 2007 to 2011, averaging approximately 20% growth per annum. Retail sales are estimated to be around HK$178 billion in 2012, and forecast to grow at around 13.2% per annum over the forecast period. Note that this forecast is premised on continued strong growth in tourism from China. We have already noted the risk surrounding the Chinese tourism market – should growth in tourists not be achieved, then growth is sales would similarly be effected.

Total Visitor Retail Sales

HONG KONG (NOMINAL), 2007-2017 CHART 7.1



Source: Urbis

7.5.2 UNIVERSITY STUDENTS

Festival Walk is located directly adjacent to The City University of Hong Kong, with people able to travel between the two establishments via a short underground walkway. Students and alumni alike utilise the centre as a transport hub, dining destination and shopping destination. For these reasons, the University is considered an important source of customers for Festival Walk.

University population numbers are as follows:

- 26,000 full and part-time students
- 1,000 full-time academic staff
- 600 full-time research staff

It is estimated that University students make up approximately 6% of all visitors to Festival Walk. Due to their low earning capacity, university students have a lower than average level of retail expenditure, around one third of that of a regular visitor. It is estimated that university students account for 2-3% of Festival Walk expenditure, and on this basis would contribute around HK $95-130 million in turnover.

7.6 MARKET SHARE ESTIMATES

Based on the available retail market and the estimated distribution of sales by trade area sector, as stipulated earlier in Table 7.1, it is possible to estimate the current market share being achieved by Festival Walk in 2012. Table 7.9 presents the estimated market share for each sector. Findings of note in relation to the distribution of turnover as detailed in Table 7.1 include the following:

- Approximately 18% of Festival Walk's turnover is estimated to emanate from the primary trade area, with the secondary trade area contributing around 31%, and 30% coming from beyond the trade area.
- The high proportion of turnover (30%) coming from beyond the trade area is indicative of the fact that Festival Walk continues to attract visitation throughout Hong Kong, including from the New Territories and from Hong Kong Island.

- Tourists are also representative of an important market, accounting for approximately 18% of turnover.

- Within the main trade area, the secondary south contributes the next highest proportion of turnover after the primary, at approximately 12%, followed by the secondary north, which contributes approximately 9%. Festival Walk is easily accessible from both of these areas via MTR.

With regard to our estimated market share for Festival Walk as detailed in Table 7.9 we would make the following observations:

- At present Festival Walk is estimated to garner a market share of approximately 7.7% from the primary sector. This is not a particularly high share; however the large size of the primary market means that it is actually quite strong in real terms. Of particular note is that Festival Walk is achieving a market share of 25% in apparel, representative of its strong apparel offer.

- The remaining shares are relatively lower, ranging from 3.1% in the secondary north to 2.4% in the secondary south and west. This can largely be attributed to the scale of retail offering in these areas.

- Turnover at Festival Walk is heavily concentrated in apparel and other fashion accessories, resulting in significant market penetration in these retail categories. Primary trade area market share is strong, and significant custom is still derived from the secondary and beyond.

- The current market share is deemed to be healthy; however there may be scope to increase these shares over time, particularly in the secondary trade area. This could be achieved by an improved tenant mix, better operations or an expansion of the centre in the future.

Estimated Market Share

FESTIVAL WALK MARKET SHARE, 2012 — TABLE 7.9

	Market Size (HK$ mill)				Turnover by Sector ($Hkmil)				Market Share (%)			
	F&B	**Apparel**	**Other**	**Total**	**F&B**	**Apparel**	**Other**	**Total**	**F&B**	**Apparel**	**Other**	**Total**
Primary	2,922	1,413	6,507	10,842	135	359	357	851	4.6%	25.4%	5.5%	7.8%
Secondary North	3,618	1,750	8,058	13,427	67	180	178	425	1.9%	10.3%	2.2%	3.2%
Secondary East	2,642	1,277	5,883	9,802	45	120	119	284	1.7%	9.4%	2.0%	2.9%
Secondary South	6,311	3,052	14,055	23,418	90	239	238	567	1.4%	7.8%	1.7%	2.4%
Secondary West	2,212	1,070	4,926	8,208	30	80	79	189	1.4%	7.5%	1.6%	2.3%
Main Trade Area	**17,705**	**8,562**	**39,430**	**65,697**	**367**	**978**	**971**	**2,316**	**2.1%**	**11.4%**	**2.5%**	**3.5%**
Tertiary South East	3,216	1,555	7,162	11,933	22	60	59	142	0.7%	3.8%	0.8%	1.2%
Total Trade Area	**20,920**	**10,117**	**46,592**	**77,629**	**390**	**1,038**	**1,031**	**2,458**	**1.9%**	**10.3%**	**2.2%**	**3.2%**
Other Hong Kong [1]					*225*	*599*	*595*	*1,418*	*30%*	*30%*	*30%*	*30%*
Tourists [1]					*135*	*359*	*357*	*851*	*18%*	*18%*	*18%*	*18%*
Total					**750**	**1,995**	**1,982**	**4,728**				

1. As a proportion of Festival Walk's turnover
Source: Urbis

8 Review of Competition

Festival Walk plays a significant role in the overall Hong Kong retail hierarchy, attracting shoppers from throughout the city and beyond. As such Festival Walk competes with a wide range of shopping centres and retail precincts that are located throughout Hong Kong. This section looks at the most important of these competing locations. Please note that in this section we have provided details of the floorspace of each centre as Gross Floor Area (GFA) as reported by the centre owners. In most cases we have provided an estimate of LFA, however this should be treated as indicative only. Typically the estimated LFA represents 60%-70% of the GFA.

8.1 EXISTING COMPETITION

Festival Walk's scale, quality and tenant mix means that it competes with all of the major retail locations within Hong Kong. We have already discussed these in Section 3.1.

Table 8.1 lists the centres of most competitive relevance to Festival Walk, with their location presented in Map 8.1.

8.1.1 HIGHER ORDER CENTRES

As noted above we have already discussed a number of the major retail precincts in Hong Kong in Section 3.1. By virtue of their size, many of these (including Elements and Harbour City) are of some relevance to Festival Walk. However, these centres are located some distance from Festival Walk, and are often more targeting towards tourists.

Of greater relevance, particularly for the local market, are the centres listed below, especially Langham Place, APM and New Town Plaza and Grand Century Place.

Existing & Future Retail Competition

SHOPPING CENTRES OF MOST RELEVANCE TO FESTIVAL WALK, NOV 2012 TABLE 8.1

	Distance (km) [1]	Est. GFA (sq.ft)	Est. LFA (sq.ft) [2]	Competitive Relevance
Current				
Grand Century Place	2.4	725,000	471,250	High
Langham Place	4.2	589,844	318,958	High
New Town Plaza (I&III)	7.6	1,650,000	1,072,500	High
APM	8.9	598,000	388,700	High
Telford Plaza	6.7	922,000	599,300	Med-High
Olympian City	4.0	710,641	461,917	Med
Plaza Hollywood	5.8	562,000	365,300	Med
The One	6.5	400,000	280,000	Low-Med
K11	6.5	340,000	221,000	Low-Med
Elements	7.0	1,000,000	650,000	Low-Med
Harbour City	7.3	1,948,000	1,168,800	Low-Med
Megabox	7.4	1,145,537	744,599	Low-Med
iSquare	7.8	570,993	371,145	Low-Med
Lok Fu Plaza [4]	2.2	678,200	388,133	Low
Dragon Centre	4.2	840,000	546,000	Low
Kowloon City Plaza	4.5	407,000	284,900	Low
Lung Cheung Plaza [4]	4.9	271,700	154,270	Low
Wong Tai Sin Centre [4]	5.6	278,500	148,023	Low
Proposed				
35 Clear Water Bay Road	5.7	686,426	446,177	Med-High [3]
Hoi Wang Road	4.5	87,000	56,550	Low-Med
Kai Tak Masterplan	4.6	>1,400,000	>1,000,000	Low-Med
Hoi Fai Road	5	95,000	61,750	Low-Med
Chun Yan Street	5.1	153,000	99,450	Low-Med
West Kowloon Cultural District	6.3	1,210,000	1,000,000	Low-Med

1. Measured as a car would drive, not a straight line
2. Estimated based on the GFA, assuming the ratio of LFA to GFA of between 60% to 70%.
3. Detailed information about this centre's positioning and specifications are limited at this moment, and as such the magniture of the poential impact on Festival Walk is somewhat unclear.
4. LFA not estimated. Internal Floor Area provided.
Source: Savills; The Link Reit 2012 Annual Report; The Champion REIT 2011 Annual Report


New Town Plaza
Secondary North
Secondary East
Primary
Lung Cheung Mall
Wong Tai Sin
Plaza Hollywood
Chun Yan Street
Clear Water Bay Road
Festival Walk
Lok Fu Centre
Secondary West
Dragon Centre
Kowloon City Plaza
Kai Tak
Grand Century Place
2km
Telford Plaza
Hoi Fai Road
Langham Place
Secondary South
Megabox
Tertiary East
Olympian City
Nathan Road
Hoi Wang Road
APM
West Kowloon Cultural District
Elements
5km
Canton Road
The One
iSquare
K11
Harbour City
Central
Primary
Secondary North
Secondary East
Secondary South
Secondary West
Tertiary South
Existing Large Competitor
Existing Medium Competitor
Future Large Competitor
Future Medium Competitor
Retail Area
Subject Site
N
0
1
2
Kilometers

LANGHAM PLACE:

This 15 level, ~320,000 sq.ft (retail LFA) centre is located adjacent to the Mong Kok MTR station. It is anchored by a small Seibu department store and is pitched at the mid-market, with a key tenant being H&M on the ground floor. The centre generates high foot traffic, sitting neatly just off Nathan Road, and co-located with the Langham Hotel and one of Kowloon's highest office towers. Langham Place has a strong emphasis on dining and entertainment and it is primarily targeted at the youth and young adult markets.

The success of this centre has been driven by a number of factors:

- Co-location with the hotel and office workforce;
- Close proximity to the busy Nathan Road;
- Very strong public transport links;
- Its entertainment, dining and young fashion tenant mix;
- Its spectacular and unusual physical design.

NEW TOWN PLAZA

The shopping centre is located in Sha Tin, approximately 5km (straight line) to the north of Festival Walk. The centre is made up of three main components: Phase 1 and Phase 3 are the main 'shopping centre' components, while the third component is a homemaker centre that contains an IKEA (Home Square).

Phase 1 and Phase 3 are continually evolving, and the centre continues to increase in popularity. It is located adjacent to the Sha Tin MTR station, just two stops from Kowloon Tong (and Festival Walk), on the East Line. The East Line provides linkages through to Shenzhen, making New Town Plaza a popular choice for Chinese 'mainlanders' doing shopping day-trips to Hong Kong. Indeed, the owners of the centre appear to be increasingly focused on attracting Chinese tourists, gradually pushing the tenant mix to have a more high end and luxury focus.

Even if we exclude the homemaker centre (and IKEA), New Town Plaza is large, containing an estimated 1.07 million sq.ft (LFA), including a Yata department store. At this size, it provides a wide range of retail from mass market brands such as H&M, Zara and Uniqlo to higher end brands such as Coach, Burberry and Armani Exchange. Its size does have one drawback – wayfinding in the centre can be complicated. Linkages between Phase 1 and Phase 3 of the centre are currently being upgraded and this should improve wayfinding.

FIGURE 2 – NEW TOWN PLAZA

PICTURE 7 – HOME SQUARE

PICTURE 8 – CENTRAL ATRIUM

APM

APM is located to the south-east of Festival Walk in the tertiary sector and adjacent to the Kwun Tong MTR station, seven stations from Festival Walk. The centre is estimated at 598,000 sq.ft GFA (or around 388,700 sq.ft LFA), and as such is smaller than Festival Walk. However, it is similar to Festival Walk in that it plays a higher-order role in the retail hierarchy, providing residents of East Kowloon and beyond with both convenience (supermarket) and destinational comparison shopping.

APM is spread over 11 levels, and is designed around a large central void. The core part of the centre is relatively easy to navigate, however it also contains a number of secondary malls that make navigation more difficult. The lower levels are dedicated to car parking and convenience retail, the middle levels to fashion and other higher-order retail, while the upper levels are largely dedicated to F&B and entertainment.

In terms of quality, APM is a step below Festival Walk. However, its location allows it to play an important regional role for residents of East Kowloon, and we expect that it also attracts some business from residents of Mong Kok located near the Kwun Tong MTR line.

FIGURE 3 – APM

PICTURE 9 – EXTERNAL FASCADE

PICTURE 10 – CENTRAL ATRIUM

TELFORD PLAZA

Telford Plaza is located to the south-east of Festival Walk on the Kwun Tong MTR Line adjacent to Kowloon Bay station. It is five stops from Festival Walk on the MTR.

The centre is made up of a number of interlined components which combine to provide around 922,000 sq.ft of GFA (~599,300 sq.ft LFA):

- Telford Plaza 1 has just recently been refurbished. The result has been an attractive, clean good quality centre that has been well tenanted. The MTR station feeds straight into this part of the centre, generating significant foot traffic.

- Telford Plaza 2 is slightly older style, and is not quite as well tenanted as Telford Plaza 1. However, it remains a good quality centre, anchored by a small Piago outlet, an upmarket supermarket offer by UNY (a Japanese supermarket operator).

- The third component of the centre is a rambling series of at-grade shops located in front of Telford Plaza 1. The retail is located in a number of different buildings with external malls providing links.

Telford Plaza appears to be a highly popular and busy centre. Like Festival Walk, it is co-located with the Community College of City University. Further, its supermarket offer, good public transport links and busy atmosphere suggest it would be a popular destination for local shopping. Whilst we expect it plays more a localised role than Festival Walk, the most recent renovations are likely to expand its trade area and make it more competitive to Festival Walk than has been the case in the past.

FIGURE 4 – TELFORD PLAZA

PICTURE 11 – EXTERNAL FACADE

PICTURE 12 – CENTRAL ATRIUM

GRAND CENTURY PLACE

Grand Century Place is located next to the Mong Kok East MTR station (on the East Line), just one stop from Festival Walk. The centre provides 725,000 sq.ft GFA (or 471,000 sq.ft LFA) over seven levels.

The centre is part of a mixed use development that includes the Royal Plaza Hotel and two office towers. The centre presents relatively well, however in recent years it has started to become somewhat dated. The layout of the centre is not ideal, with the retail being wrapped around various non-retail uses.

Grand Century Place is focused more on the mid-market than Festival Walk, having a more limited range of up-market brands. The department store anchor, Sincere, is certainly mass market and presents modestly.

Grand Century Place is currently undergoing a refurbishment and tenant re-mixing. Many of the tenants (particularly on the upper levels) are boarded up. A refurbishment should improve this centre significantly. It has potential – it is well located next to Mong Kok, has an improving mix of tenants and appears to be quite popular with local residents.

FIGURE 5 – GRAND CENTURY PLACE

PICTURE 13 – EXTERNAL FACADE

PICTURE 14 – CENTRAL ATRIUM

OLYMPIAN CITY

This centre has been transformed in recent years with the completion of Phase III of the development. Phase I and Phase II were both completed around a decade ago. The recent completion of Phase III and a renewed effort in improving the tenant mix at the centre has resulted in a vastly improved centre. Its layout is effectively based around a single long curved mall providing for simple wayfinding and good lines of sight.

The centre now provides around 461,917 sq.ft (LFA),giving it the scale to attract customers from throughout Kowloon, particularly around West Kowloon. It has a mass-market focus, and also provides a Taste supermarket (same operators as in Festival Walk) and a Broadway Cineplex.

FIGURE 6 – OLYMPIAN CITY

PICTURE 15 – EXTERNAL FACADE

PICTURE 16 – CENTRAL ATRIUM

PLAZA HOLLYWOOD

The centre is located just three stations from Festival Walk (Diamond Hill). It is a mass-market centre anchored by Uniqlo, H&M, Marks & Spencer, Food Republic and a Park'n'Shop supermarket.

The quality of the centre is not as high as Festival Walk and it has much more of a local focus for its 365,300 sq.ft (LFA). Its tenants lack the brand strength of Festival Walk, which is to be expected given its more local focus. This centre will compete largely on convenience and location – it is geographically close to Festival Walk, so it will always be an option particularly from Festival Walk's secondary east sector.

MEGABOX

Megabox is a project that appears to have struggled since inception. Some high profile tenants have come and gone (including Spotlight and NOVO, a popular youth fashion store from Japan). The main problem appears to have been access – the centre is not co-located with a MTR stop, the nearest MTR station is Kowloon Bay (Telford Plaza), and the free shuttle bus takes around 15 minutes.

However, centre management have made some smart changes recently - H&M is now in the centre, and major tenants are now being used on the upper levels (e.g. Jusco department store) to try and attract visitors to the centre.

The centre is really only competitive because of its size, and less so for its tenants. It is one of the larger centres in Kowloon, and as such will continue to play a role in the retail market.

FIGURE 7 – MEGABOX

PICTURE 17 – EXTERNAL FACADE

PICTURE 18 – PLAZA HOLLYWOOD

TSIM SHA TSUI

Tsim Sha Tsui (TST) has a strong and expanding retail core on and around the southern end of Nathan Road. In recent years a number of higher quality centres have opened, including:

- **The One:** This is a 26 storey shopping centre located on the corner of Nathan Road and Granville Road. It was developed by Chinese Estates Holdings and completed in 2010. Despite its many levels, it has a very small floor plate yielding a total GFA of only 400,000 sq.ft (around 280,000 sq.ft LFA). The centre is described as a "Ginza-style" retail mall; it is very vertical, with a strong focus on fashion and F&B, and few large tenants. Many of the tenants are also Japanese fashion brands, adding to the theming of the centre. Key tenants include Broadway Cinemas and Beauty Bazaar by Harvey Nichols.

- **K11:** This is a six storey shopping centre that is part of The Masterpiece, a mixed-use development that includes the Hyatt Regency Hong Kong. The centre, which has 340,000 sq.ft of GFA (around 221,000 sq.ft of LFA) was opened in December 2009 and is advertised as "The World's First Art Mall", with a number of art installations throughout the centre. The centre is anchored by a Market Place supermarket on B1, and also provides a range of small 'designer' retailers selling novel, arty products from Hong Kong and beyond.

- **iSquare:** This is a centre located on the corner on the corner of Nathan Road and Peking Road. Opened in 2009, this centre has a total GFA of around 600,000 sq.ft (around 390,000 sq.ft LFA). Key tenants include UA and IMAX cinemas. The tenant mix is strongly focused on fashion and F&B, with most tenants being in the upper-middle segment. The centre is part of a 31 storey tower, with 19 floors dedicated to retail; and the top 10 floors of the tower are dedicated to restaurants.

8.1.2 LOWER ORDER CENTRES

Hong Kong has a wide range of lower order retail located throughout the city, particularly around MTR stations. All of this competes with Festival Walk to a small degree, but is of limited relevance.

There are also some larger 'lower order' centres that provide a concentration of retail that is primarily local in focus and more aimed at day-to-day shopping. These centres generally provide a mix of food retail (sometimes wet markets), retail services and some mass market retail (including apparel and homewares). These centres do compete with Festival Walk, in that they do attract a share of the retail market, but they also provide different products, different brands and play a different retail function.

Three of the more relevant examples of this type of retail are summarised below:

LOK FU PLAZA

This is the first MTR station located to the east of Festival Walk. Above this MTR station is a range of sprawling retail of varying scale and quality, with the majority contained within Lok Fu Plaza.

Lok Fu Plaza contains around 680,000 sq.ft GFA (or 442,000 sq.ft LFA). The main components of the centre include:

- UNY department store.
- A wet market.
- A small fashion mall linked to the UNY.
- A number of F&B options.

Lok Fu Plaza is very much a local shopping centre for local residents. Its fresh food offer is reasonably substantial, as is its F&B offer. UNY also provides for lower-end apparel and homewares shopping. Its proximity to Festival Walk puts it in direct competition with Festival Walk's supermarket and other day-to-day shopping options (pharmacy etc.).

While the layout of this retail centre is somewhat confusing, it appears well maintained and well presented. We expect that this is a popular option for day-to-day and weekly convenience shopping.

WONG TAI SIN CENTRE/LUNG CHEUNG MALL

Wong Tai Sin station is two stops to the east of Festival Walk. The main retail offer is contained within Wong Tai Sin Plaza, which is a small (260,000 sq.ft GFA) multi-level shopping centre and Lung Cheung Mall (272,000 sq.ft GFA). These centres are lower order centres of only moderate quality. They provide a range of convenience-oriented retail, and basic day-to-day shopping. Their main competitive relevance is in regard to Festival Walk's supermarket and convenience offer, but we consider this to be relatively limited.

DRAGON CENTRE

This centre is only really relevant to the extent that it is geographically close to Festival Walk. A centre of more modest quality, it is anchored by a Sincere department store (a lower end department store). It lacks strong brands, although does have a Giordano and Bossini. The upper levels contain lower quality retail, reminiscent of 'strata' type centres containing lots of very small tenancies fronting very small malls.

This centre is not unpopular – indeed, we expect that it plays an important role in the retail hierarchy. However, its offer does not really overlap with Festival Walk in terms of price-point, brand strength and amenity.

KOWLOON CITY PLAZA

This is a relatively small centre (~285,000 sq.ft LFA) located adjacent to the Kowloon City Walled Park. The centre, anchored by Park'n'Shop supermarket, has a very weak trade mix and is not connected to an MTR station. It is therefore of limited relevance to Festival Walk.

8.2 PROPOSED COMPETITION

As the retail market evolves new competing retail competition is certain to enter Festival Walk's market. Currently, only a small number of smaller centres are proposed over the next few years in Hong Kong. The most relevant of these to Festival Walk are now discussed.

35 CLEAR WATER BAY ROAD, NGAU CHI WAN

This is a residential development located approximately 3.7 km from Festival Walk with an expected 450,000 sq.ft of retail floorspace (LFA). This centre will be adjacent to Choi Hung MTR station, four stops east of Festival Walk, and is therefore of some competitive relevance. It is due for completion in 2015.

At this size, the shopping centre is likely to have some impact on Festival Walk's capacity to draw customers from Kowloon's south east (around Kowloon Bay, APM). We would expect the majority of the impact of this centre will be felt by those centre's that are more aligned to this location – Telford Plaza, Megabox, Hollywood Plaza and APM. However as a brand new centre of some scale, this centre is likely to draw some visitation and customers away from Festival Walk in 2015 and beyond, although until further details about this development are released, the extent of the competitive impact remains unclear.

KIL 11073, HOI WANG ROAD

This is a residential development located approximately 2.9 km from Festival Walk which will include an expected 56,500 sq.ft retail floorspace (LFA). Its limited size and distance from Festival Walk means that it will be of secondary competitive relevance, but can be expected to draw some customers from the secondary south. The retail component of the development is expected to be completed by the end of 2012.

KIL 11146, HOI FAI ROAD

A residential development located approximately 2.8 km from Festival Walk, this project comprises another small shopping centre of 62,000 sq.ft retail floorspace (LFA). The centre is set to be complete by the end of 2012, and taking into account proximity and size, will be of secondary competitive relevance to Festival walk, and can be expected to draw only a small amount of customers from the secondary south.

3 CHUN YAN STREET

This is a residential development located approximately 2.2 km from Festival Walk, comprising an expected 99,500 sq.ft retail floorspace (LFA). It is located in close proximity to Wong Tai Sin Subway Station, just one stop east of Festival Wall and this, combined with the size of the offer, makes it of some competitive relevance to Festival Walk. It is likely to have a very local focus, providing a day-to-day shopping option for residents living close to Festival Walk. The retail component of the development is expected to be completed by the end of 2012.

KAI TAK

As part of the Kai Tak Airport redevelopment there is likely to be a new shopping centre built at this location. Such a development however is likely to be post 2017 and it will primarily be aimed to serve the local residential and office population.

WEST KOWLOON CULTURAL DISTRICT

This proposed major mixed use project located in Tsim Sha Tsui will eventually accommodate most of Hong Kong's cultural facilities. The current development plan, aimed to accommodate approximately 1.2 million sq.ft LFA of retail space over the entire site but this will be completed in stages with the first stage occurring gradually between 2016 and 2022.

8.3 IMPLICATIONS & CONCLUSIONS

Festival Walk has a number of major competitors. However, the centre is generally able to distinguish itself from these competitors in terms of location, accessibility, quality of fit-out and strength of brands within the centre. It does go 'head-on' with some centres that have similarly strong or overlapping attributes (e.g. Langham Place, New Town Plaza, Grand Century Place), but this has not prevented Festival Walk from establishing and maintaining a very good competitive position in the market.

However, the retail market continues to evolve rapidly. New centres will be developed, struggling centres will be redeveloped and refocused, and shopping channels will change (e.g. increased internet shopping). Even though the list of future shopping centres (Table 3.1) does not contain any proposal that are likely to have a major impact on Festival Walk, it is imperative that Festival Walk remains highly aware of its market, remains fresh and continues to respond positively to changes.

In reference to future development there are several smaller retail developments that we linked to residential or office developments that will have a minor impact on Festival Walk. The future development of most relevance is likely to be the Clear Water Bay Road project (~450,000 sq.ft LFA) which is scheduled for completion in 2015. This centre will be some 4 km to the east of Festival Walk and as such is not expected to have a significant impact on Festival Walk.

9 SWOT Analysis

Before outlining our sales and income forecasts for Festival Walk it is useful to summarise the major strengths, weaknesses, opportunities and threats associated with the centre.

9.1 STRENGTHS

- Quality of fit-out and finishes, décor and overall ambience – Festival Walk is very high quality, and is well maintained. It is also of a timeless design.
- The centre has a simple, relatively legible layout for a centre of this size with this many levels.
- Being located next to a MTR interchange, as well as having the bus interchange provides strong accessibility.
- As with much of Hong Kong, the trade area population is quite dense, meaning that a large number of people live within one or two train stops from the centre.
- Co-location with the University - the University provides an easily accessible 'captive' market, particularly for the F&B, book store and entertainment offer. Also, many staff and students use the centre's public transport options.
- For a suburban shopping centre, the list of tenants at Festival Walk is very strong. This includes international brands, as well as strong local brands. This continues to improve with the recent addition of Apple and Paul Smith.
- Immediate Catchment – The area immediately surrounding the centre is of relatively high income.
- Supermarket – providing a convenience offering, including a good quality supermarket, helps differentiate Festival Walk from many competing higher-end centres, particularly those close to Tsim Sha Tsui.
- The centre has a strong entertainment offer including the cinemas and the ice skating rink making it attractive to families, particularly on the weekends and at night time.
- The tenant mix mainly caters to the mass market with only a limited amount of luxury retailing. At the other end of the spectrum it does not contain any value or discount retailing. It is therefore very much a mid to upper market centre allowing it to remain highly relevant to its local catchment while also being a popular destination for tourists.
- It is well located to attract tourists from mainland China as a consequence of the MTR station being on the East Line, which goes through the New Territories to the mainland China border.
- The co-location of the 213,982 sq.ft, four level office tower directly above is of an advantage to the centre by providing an on-site captive population. This office worker population is particularly valuable at lunchtimes mid-week and partially after work.
- The performance of the centre, and the strength of brands that it has been able to attract and maintain suggests that the centre has been very well managed. This is particularly the case given the inherent risks around developing a major centre without large major tenants.

9.2 WEAKNESSES

- The location of the escalators at either end of the centre impedes lines of sight, and creates some quieter areas. Some of these ends could also be improved with better lighting.
- The different size of some of the levels and the inability to provide voids through the whole centre can make navigation somewhat complicated.

- There does not appear to be sufficient luxury apparel tenants to create a genuine luxury retail precinct that can compete with the major precincts in Tsim Sha Tsui and Hong Kong Island. While Festival Walk is not targeted towards luxury retail (and does not have plans to do this), this does have an impact on the capacity to attract Chinese tourists to the centre.

- While having a convenience retail component is a strength relative to other similar centres, we consider this also lacks critical mass and could benefit from expansion.

- Whilst the majority of the F&B tenants appear to be trading very strongly, there is insufficient F&B space at peak hour and there are often long queues for some of the F&B (including in the food court) at around lunchtime.

- The centre is not located in a prime tourist location and therefore its potential to attract tourists is more limited than Tsim Sha Tsui or Central on Hong Kong Island.

- Compared with some of the more recent cinemas, the existing cinema offer at Festival Walk is now becoming somewhat dated and will need to be refurbished and upgraded sometime in the near future if it is to be able to compete effectively with the other cinema centres.

9.3 OPPORTUNITIES

- Improve the convenience offer and more particularly expand the supermarket. We understand that Mapletree is currently in the process of seeking Government approval for the expansion of the TaSte supermarket by some 11,000 sq.ft.

- Potentially increase and improve the F&B offer to better satisfy the customer needs and demand. This may require conversion of some existing retail floorspace into F&B.

- Possibly increase and improve the overall luxury offer, particularly fashion accessories. Prior to embarking upon this strategy however we would strongly recommend that some research be undertaken on this to better understand the needs of the potential market and more particularly the tourist market from mainland China. The suggested research in this instance will probably involve focus group discussions.

- Introduce popular mass-market retailers not already in the centre such as Zara and Muji.

- The success of the centre would indicate that there is market potential to expand this centre. Physical constraints make this difficult, but we would recommend again that very close examination of this be undertaken including the potential of creating more leasable space and even the possibility of decanting some of the office space into retail if this indeed is possible. This practice is very common in Singapore and has met with considerable success, but obviously is dependent on the planning authorities' attitudes towards this, and the terms of the Government Lease for the property.

9.4 THREATS

- The long term commissioning of express trains between the (yet to be built) West Kowloon Terminus and mainland China (Shenzhen North and beyond). This rail link will provide regular express trains to Shenzhen and Guangzhou, which will bypass Kowloon Tong and arrive at West Kowloon.

- The ongoing expansion of the offer and quality of retail within Tsim Sha Tsui and surrounds. This is likely to have its greatest effect on residents from Festival Walk's secondary south sector as well as tourists.

- One of Festival Walk's closest competitors, Grand Century Place, is currently being refurbished. A continued program of improvements at this centre (or indeed any of Festival Walk's competitors) will make these centres more competitive with Festival Walk.

- Similarly, the continued improvement of New Town Plaza will make this centre increasingly competitive. The centre appears to be being positioned to attract more Chinese tourists, which could impede Festival Walk's capacity to attract this market.

- The Hong Kong economy is increasingly being interlinked with the Chinese economy, as tourism and trade continue to grow. Accordingly if economic growth slows down in China, Hong Kong's economic growth will similarly be affected and this is likely to lead to slower consumer spending and retail sales. Further, should the Chinese government lower the level of taxation on luxury goods, this could lower demand for these goods in Hong Kong, potentially lowering tourism.

- Most aspects of the Hong Kong property market have experienced very strong growth over the past few years, and recent escalation in retail rents in Kowloon has continued this trend. Should sentiment change rapidly for some unforeseen reason, then the property market could be impacted and this will flow through to retail rents.

- Failure to keep Festival Walk fresh and competitive by not continually changing the tenant mix nor having an insufficient allowance for ongoing capital expenditure.

10 Sales & Income Forecasts for Festival Walk

This final reviews the outlook for Festival Walk and provides an assessment of its turnover and rental potential through to 2017. Please not all future values are presented in nominal terms, and therefore include inflation.

10.1 FUTURE OUTLOOK FOR FESTIVAL WALK

Festival Walk has performed strongly over the past decade, benefiting from the ongoing overall growth of the retail market. This in turn has been partly driven by strong growth in tourists, mostly from mainland China. Festival Walk remains a well presented, easily accessible (to residents and tourists), well located centre with a positive reputation throughout the region. Its tenant list is a key strength, and active centre management has, to date, ensured that this remains the case.

We expect this strong performance to continue over the next few years. The Hong Kong retail market continues to grow with growth in retail sales over the next five years forecast to average 8.7% per annum (in nominal terms), largely due to ongoing growth in Hong Kong residents' incomes and the continued growth in Chinese tourists.

From a competitive perspective, the main threats appear to come from (a) the ongoing improvement of New Town Plaza to the north; (b) our expectation that Grand Century Place will continue to be improved over the next couple of years, and (c) new retail developments (particularly the Clear Water Bay Road development). This is likely to erode Festival Walk's market share but only to a small degree.

Another key competitive factor of relevance will be the rapid growth in on-line sales that is being experienced throughout the world. Festival Walk provides an experience beyond just shopping, but nonetheless will not be immune to this ongoing trend (as is the case with other shopping centres). Again, we expect this to gradually erode Festival Walk's market share.

There are other risks for Festival Walk, many of which apply to the broader Hong Kong retail market. Hong Kong's economy remains heavily intertwined with the Chinese mainland economy. The current slowdown in China has been well documented – a prolonged downturn (or worse) would clearly have a major impact on the Hong Kong economy, and thus retail sales.

Further, the Chinese government yields much influence on Hong Kong. The Chinese government could at any time, easily stem the flow of visitors to Hong Kong, or change the taxation of luxury goods (which drives so many Chinese shoppers to Hong Kong). This remains a risk, one that centre management appears to be very aware of. It should be noted however that the impact of this occurring is likely to be felt more acutely by shopping centres that are more reliant on Chinese tourists such as some of those located in Causeway Bay, Central and TST.

10.2 KEY ASSUMPTIONS

Some of the major assumptions that underpin this sales and gross rent forecast are:

- Over the next few years, average inflation averages would be around 4.1% per annum.
- The Chinese government does not do anything to limit the growth in tourists to Hong Kong, including not changing the tax on luxury goods.
- There are no fundamental shocks to the Hong Kong economy over the forecast period and the economy broadly behaves as discussed in Section 2.
- Retail competition is as described in Sections 3 and 8.
- The plans and trading performance data provided on the centre by Mapletree are accurate.
- The centre is marketed and managed competently on an ongoing basis over the next five years, including adequate capital expenditure.

10.3 RETAIL SALES POTENTIAL – 2017

Our assessment of the sales and rental income potential for the centre in 2017, is presented in Table 10.1 and Table 10.2. As noted previously, due to confidentiality constraints, Urbis is not privy to the details of individual tenant performance, rents or lease terms.

Therefore, what we have provided in Table 10.1 and Table 10.2 is not a forecast per se, but an estimate of the potential for the centre given our view of future market growth, competitive developments and other drivers of performance. Lease terms in particular can have a major influence on the capacity to increase rents, which we have not been able to take into account.

Therefore out methodology for estimating future turnover potential involves the following steps:

1. We estimate how turnover at the centre might grow over the forecast period. This is based on
   - current market share and how competitive developments might erode it over time;
   - the current performance of the centre, and
   - our understanding of how the centre's turnover has grown relative to market growth in recent years.
2. Having established the potential future turnover level, we can estimate the level of gross rent that could be achieved. This is effectively based on assuming long term sustainable OCRs, applying these to the turnover forecasts to calculate the sustainable rental level. In this case, we consider the OCRs currently being exhibited at Festival Walk are sustainable (and reflect the current lease agreements with the tenants), and hence have assumed are able to be maintained in the future.

We estimate Festival Walk's retail turnover could increase from HK $4.85 billion currently to HK $6.43 billion in 2017, reflecting a (nominal) growth rate of 5.8% per annum. This growth is considered achievable given an overall estimated main trade area market growth of 6.9% per annum and forecast retail sales growth for Hong Kong as a whole, at 8.7% per annum. We expect Festival Walk's growth will be slightly below the broader market slightly due to the new competitive developments discussed earlier as well as other competitive development, which in turn will result in a slight erosion of Festival Walk's market share as depicted in Table 10.3.

From Table 10.3 it can be seen that when compared to current market share, our 2017 estimate has fallen slightly. Again, this reflects the likelihood that an increasingly competitive market (including from on-line channels) is likely to eat slightly into Festival Walk's market share.

Table 10.1 and Table 10.2 also present our estimate of the sustainable gross rental level that could be achieved given this growth in turnover. Growth in rents would be expected to be similar to turnover – around 5.6% per annum (in nominal terms). Total gross rent would be expected to reach HK $1,102 million, up from HK $839 million currently.

Potential Retail Sales & Rent - 2017

SALES & RENT, 2017 BY LEVEL — TABLE 10.1

	NLA	Turnover		OCR	Gross Rent [1]	
	(sq.ft)	(HK$m)	(HK$ psf)	(%)	(HK$m)	(HK$ psf)
MTR	55,800	1,404	25,170	7.1%	109	1,945
LG2	97,280	1,139	11,710	20.2%	196	2,014
LG1	96,500	871	9,025	22.1%	185	1,914
G	36,806	607	16,479	17.2%	105	2,854
UG	140,597	1,065	7,575	18.0%	203	1,440
L1	70,720	680	9,614	21.2%	139	1,966
L2	71,043	665	9,356	22.3%	136	1,913
Centre Total [2]	**579,636**	**6,431**	**11,094**	**16.9%**	**1,102**	**1,902**

1. Effective (annualised) rent has been provided by Mapletree, so total may be slightly different to than presented in P&L

2. Data for each level does not add up to the total as 'Centre Total' includes the banks. The OCR calculation excludes a large tenant for which turnover has not been provided as it only opened mid 2012.

Source: Mapletree; Urbis

Potential Retail Sales & Rent - 2017

SALES & RENT, 2017, BY TENANT TYPE — TABLE 10.2

	NLA	Turnover		OCR	Gross Rent [2]	
	(sq.ft)	(HK$m)	(HK$ psf)	(%)	(HK$m)	(HK$ psf)
Majors	55,790	725	12,999	11.7%	85	1,515
Apparel	180,084	1,961	10,890	21.8%	427	2,373
F&B	111,436	995	8,932	17.0%	169	1,518
Cosmetics	19,510	611	31,336	17.7%	108	5,548
Homewares	54,900	815	18,475	7.5%	77	1,405
Services	18,840	260	13,783	15.0%	39	2,065
Leisure	48,896	354	7,239	16.6%	59	1,199
Jewellery	17,120	523	30,552	12.4%	65	3,774
Others	1,490	30	19,930	22.6%	7	4,513
Centre Total (Ex Non-Retail)	**508,066**	**6,274**	**12,350**	**16.5%**	**1,035**	**2,038**
Ice Skating, Cinema	60,680	156	2,574	23.3%	36	600
Banks	10,890	n.a	n.a	n.a	31	2,811
Centre Total	**579,636**	**6,431**	**11,094**	**16.9%**	**1,102**	**1,902**

1. Includes fashion accessories, excludes Jewellery

2. Effective (annualised) rent has been provided by Mapletree, so total may be slightly different to than presented in P&L

3. We have not received turnover for a large tenatn that only opened mid 2012. Gross rent for the sub-total does include rent for this store, but turnover and the OCR excludes it. Therefore, the OCR presented is slightly different to that which would be calculated if the gross rent shown in the table is divided by the turnover shown in the table.

Source: Mapletree; Urbis

Potential Market Share - 2017

RETAIL SALES BY TRADE AREA SECTOR AND MARKET SHARE, 2017 TABLE 10.3

	Market Size ($Hkmil)				Turnover by Sector ($Hkmil)				Market Share (%)			
	F&B	Apparel	Other	Total	F&B	Apparel	Other	Total	F&B	Apparel	Other	Total
Primary	3,974	1,922	8,851	14,747	174	463	460	1,098	4.4%	24.1%	5.2%	7.4%
Secondary North	5,295	2,561	11,793	19,648	90	238	237	565	1.7%	9.3%	2.0%	2.9%
Secondary East	3,439	1,663	7,660	12,762	50	132	132	314	1.4%	8.0%	1.7%	2.5%
Secondary South	8,703	4,209	19,382	32,293	119	318	316	753	1.4%	7.6%	1.6%	2.3%
Secondary West	3,250	1,572	7,238	12,060	40	106	105	251	1.2%	6.7%	1.5%	2.1%
Main Trade Area	**24,661**	**11,926**	**54,924**	**91,512**	**473**	**1,258**	**1,250**	**2,980**	**1.9%**	**10.5%**	**2.3%**	**3.3%**
Tertiary South East	4,228	2,045	9,416	15,689	30	79	79	188	0.7%	3.9%	0.8%	1.2%
Total Trade Area	**28,889**	**13,971**	**64,340**	**107,201**	**503**	**1,337**	**1,328**	**3,169**	**1.7%**	**9.6%**	**2.1%**	**3.0%**
Other Hong Kong [1]					*289*	*768*	*763*	*1,820*	*29%*	*29%*	*29%*	*29%*
Tourists [1]					*199*	*530*	*526*	*1,255*	*20%*	*20%*	*20%*	*20%*
Total					**995**	**2,648**	**2,631**	**6,274**				

1. As a proportion of Festival Walk's turnover

Source: Urbis

10.4 CONCLUSIONS

The future for Festival Walk remains a positive one. Its market continues to grow – we forecast its trade area to grow by 6.9% per annum over the next five years. The centre has a solid focus on its local catchment while being able to attract tourists as well.

However, as is typically the case with a centre in the absence of a major overhaul, we expect market share for Festival Walk to diminish slightly in coming years. New competitive developments are likely draw a share of the market, some of which will come from Festival Walk.

Therefore, we expect that there is potential for Festival Walk turnover to grow by around 5.8% per annum. Assuming that the centre can maintain its current OCRs (which we believe are sustainable), this should allow gross rent to grow at a similar rate, taking it from HK $839 million currently to HK $1,102 in 2017.

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Colliers INTERNATIONAL

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shaping & sharing

Mapletree China IPO Market Research

SHORT REPORT

AS AT: Q3 2012

ISSUED: 30 JANUARY 2013

Prepared by
Colliers International Property Consultants (Shanghai) Co. Ltd.

Prepared for
DBS Trustee Ltd. and
Mapletree Greater China Commercial Trust Management Ltd.

Accelerating success

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Dear Sirs,

Re: Multi City Market Report – Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Chongqing, Foshan and Xi'an (the 'Project')

With reference to your instructions received on 1 November 2012, we have prepared information with reference to the real estate markets of Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Chongqing, Foshan and Xi'an for Mapletree and DBS Trustee Ltd (in its capacity as trustee of Mapletree Greater China Commercial Trust). The report is required for inclusion within the memorandum issued for the fundraising for Mapletree's Initial Public Offering.

The report is enclosed herewith.

Yours faithfully,
For and on behalf of
Colliers International Property Consultants (Shanghai) Co. Ltd.

James Shepherd MRICS
Senior Director
Research and Advisory Services
Corporate and Institutional Services
East and Southwest China

TABLE OF CONTENTS

CERTIFICATION

The market study has been prepared by Colliers International Property Consultants Research and Advisory teams based in Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu and Foshan. The project was coordinated by Mr. James Shepherd MRICS in Shanghai.

Sections of this report have been prepared by the following people:

Beijing (Colliers International Beijing) – Mr. Carlby Xie MRICS
Shanghai (Colliers International Shanghai) - Miss. Caroline Dellasega MRICS
Guangzhou (Colliers International Guangzhou) - Mr. Bryan Chan
Shenzhen (Colliers International Shenzhen) - Mr. Bryan Chan
Chengdu (Colliers International Chengdu) – Mr. Jacky Tsai
Chongqing (Colliers International Chongqing) – Mr. Jacky Tsai
Foshan (Colliers International Foshan) - Mr. Bryan Chan
Xi'an (Colliers International Shanghai) – Miss. Caroline Dellasega MRICS

The analysts are suitably qualified to carry out the instruction and have ample experience in real estate consultancy of this magnitude and nature. They have no pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion or that could conflict with a proper judgment of the stated property markets.

We confirm that we have made relevant enquiries and obtained further information as we consider necessary to allow us to provide our opinions for reference purposes. All investigations have been conducted independently and without influence from any third parties in any way. The information provided in this report has been obtained from the Client, relevant government bureaus, other public information sources and our internal database.

James Shepherd MRICS
Senior Director
Advisory Services - International
China

Lina Wong MRICS CCIM
Managing Director
East and Southwest China
Investment Services China

1 EXECUTIVE SUMMARY

Introduction

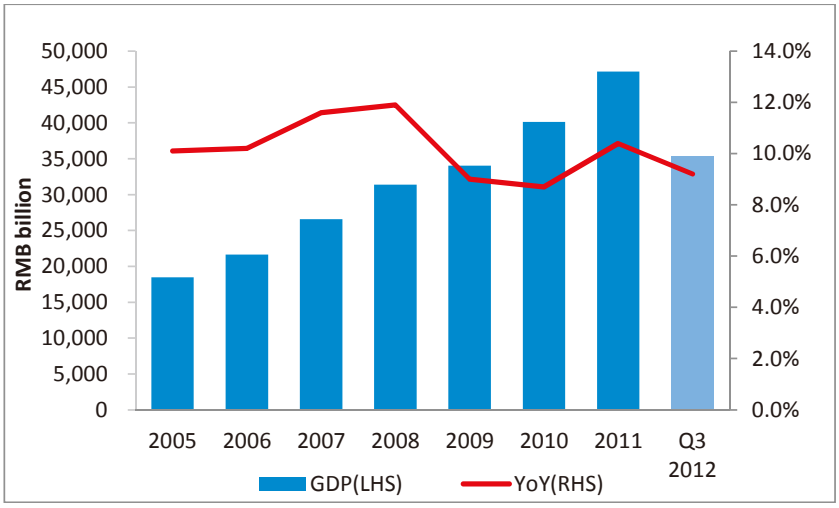
Mapletree Greater China Commercial Trust Management Ltd referred to as "the Client", has requested Colliers International Research and Advisory Services to undertake market research services in relation to the Grade A Office and Prime Retail real estate markets in the cities of Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Chongqing, Foshan and Xi'an.

China Macroeconomy

China is one of the world's fastest growing economies and the second largest economy in the world. China's gross domestic product (GDP) quintupled from RMB 8.9 trillion in 2000 to RMB 47.2 trillion in 2011 at a compound annual growth rate of 16.3 percent. As at the third quarter of 2012, GDP stood at RMB 35.348 trillion, an increase of 7.7 percent over the same period the previous year.

Significant economic growth has taken place in the last three decades, following the reform and opening up policies which commenced in the late 1970s. China's accession to the World Trade Organisation (WTO) in 2001 further accelerated the country's economic growth and as economies worldwide face dampening prospects, many are now turning to China for growth opportunities.

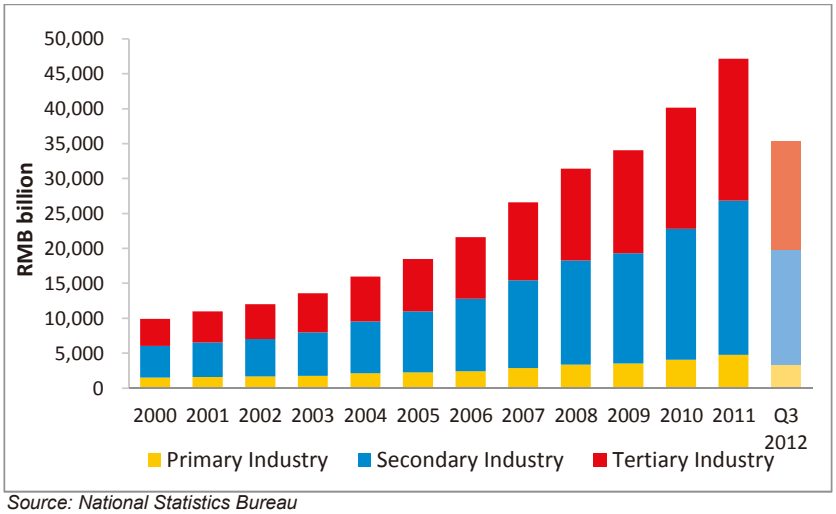
Figure 1: China's GDP and GDP Growth (2005 to 2012 Q3)



Source: National Statistics Bureau

In the first three quarters of 2012, the output of China's secondary and tertiary industries totalled RMB 16.54 trillion and RMB 15.50 trillion respectively, representing 47 percent and 44 percent of total gross domestic product. Primary industry accounted for 9 percent. With China's drive for modernisation, sustainable development is a core theme for China's long term economic development. Future development is expected to rely on advances in technology to boost output, while reducing reliance on non renewable resources.

Figure 2: GDP by Industry (2000 to 2012 Q3)



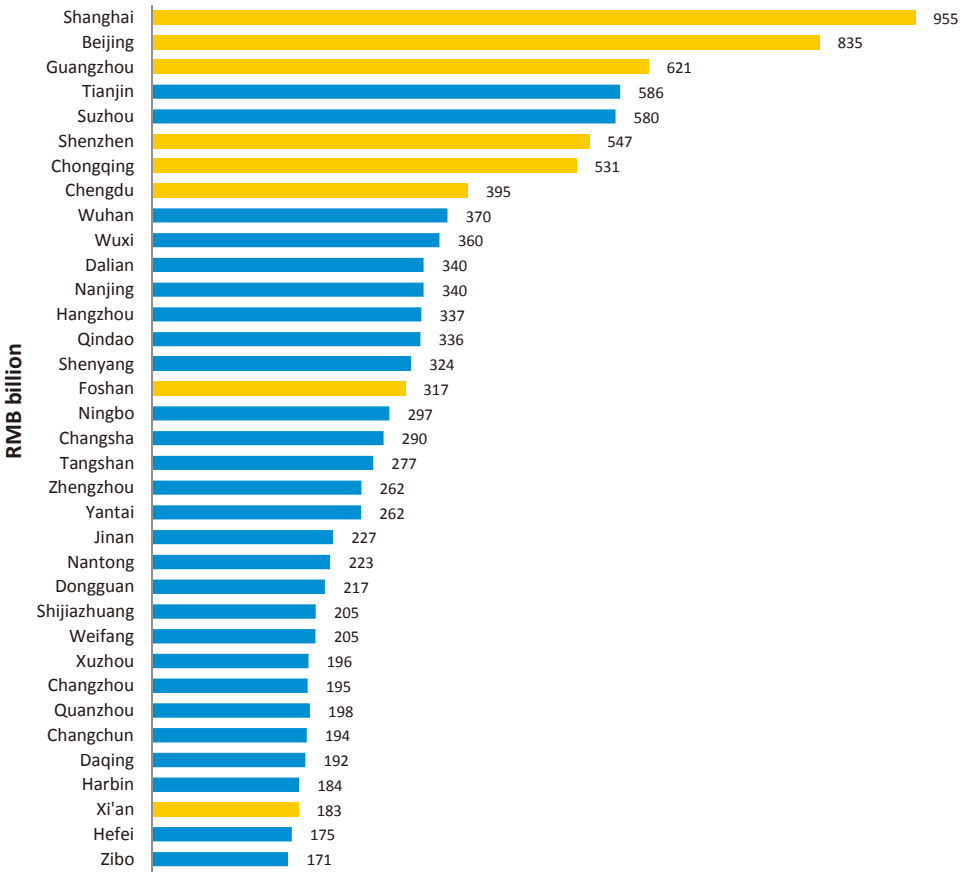
Source: National Statistics Bureau

GDP Rankings by City

Shanghai led the country in terms of total GDP in the first half of 2012 (the latest date for which data is available for all cities referenced), generating GDP RMB 955 billion, followed by Beijing (RMB 835 billion), Guangzhou (RMB 621 billion), Tianjin (RMB 586 billion), Suzhou (RMB 580 billion) and Shenzhen (RMB 547 billion).

Foshan's GDP of RMB 317 billion was the 16th largest in China at the first half of 2012. Xi'an's GDP recorded RMB 183 billion in the first half of the year.

Figure 3: Top 35 Cities in China by 2012 H1 GDP



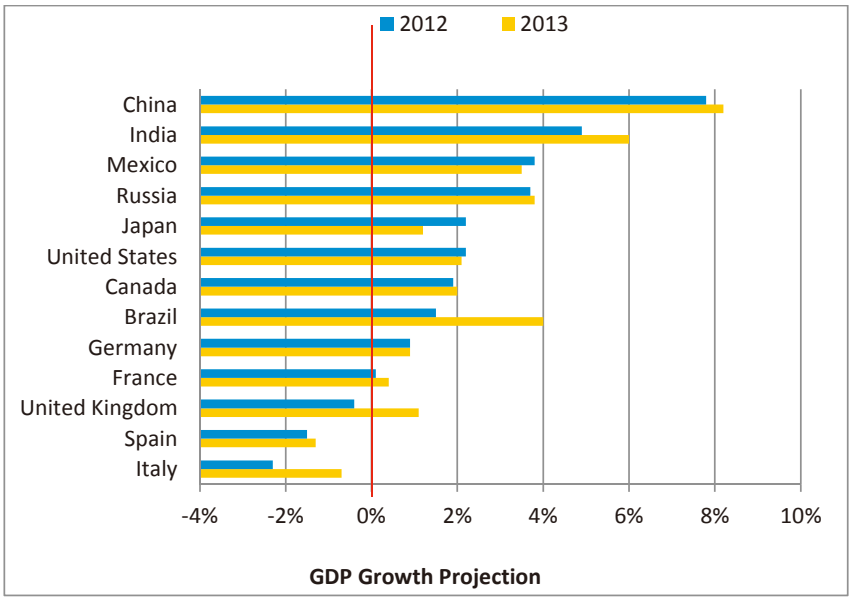
Source: National Statistics Bureau

Summary of China Real Estate Outlook 2013

Looking ahead to 2013, we anticipate continued growth in a variety of markets and real estate sectors in China. The following section has been prepared on the assumption there is no major financial crisis that impacts China in the short to medium term. Multinational businesses have been looking to China for growth opportunities given limited growth prospects in many other global markets and this section is prepared on the assumption this will continue.

Although there has been some recorded slowdown in the growth in China's economy, according to the recently released IMF World Economic Outlook the projection of GDP for China in 2012 is approximately 7.8 percent, placing China on top of the primary world economies. Projected GDP growth figures for 2013 will again put China at the top of this table with expected growth of 8.2 percent.

Figure 4: IMF World GDP Growth Forecast (2012 and 2013)



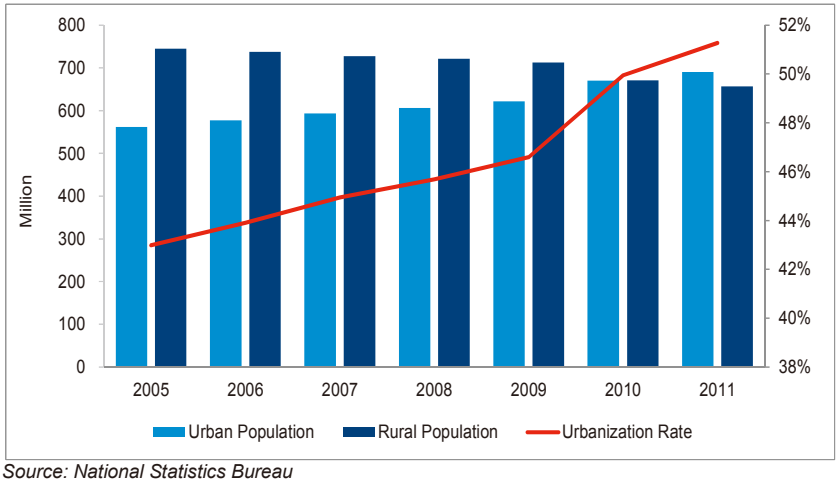
Source: IMF World Economic Outlook October 2012

The Chinese government is expected to continue on its path of economic restructuring, while seeking methods to increase its added value in goods and services with a minimal increase in energy consumption. In addition, the government has pledged to boost domestic consumption through initiatives to increase personal income growth. These measures reflect the government's desire to put China on a path of sustainable long term growth.

As part of its stimulus measures, in September 2012 the Central government announced the implementation of several public spending programmes to increase investments in road, rail and other infrastructure. This spending programme is expected to total RMB 1,000 billion (USD 156 billion) of investment. The continued public outlays are expected to further support urbanisation and ongoing development of city infrastructure as well as stimulate the growth of decentralised areas.

The continuing urbanisation of the country is driving more people towards cities and last year resulted in the urban population eclipsing the rural population for the first time in China's history. This, coupled with a growing middle class, is driving the growth in consumption expenditure. In 2011 China's consumption expenditure grew by approximately 12.6 percent, and this in turn has fuelled retail development and housing demand.

Figure 5: Urban and Rural Population, Urbanisation Rate (2005 to 2011)



Source: National Statistics Bureau

There is exceptional internal competition between districts and cities for high quality investment in China, leading local governments to become significantly more selective in approving developers to participate in the auction of commercial sites. In many cases, this has translated into preferential pricing for qualified developers.

District and city governments are placing increasing importance on landmark commercial projects from a town planning, prestige and fiscal generation perspective. Therefore, developers with strong track records, international

recognition, long term hold strategies, high quality asset and property management capabilities and existing relationships with multinational companies are increasingly exercising a competitive advantage at land auctions. The ability of premium development products to attract high quality tenants is also a key factor in developer selection.

Conversely, it is increasingly difficult for local developers with high gearing ratios and a track record of quick turnover speculative development to participate in land auctions.

Local governments recognise that such developers have no real incentive to produce high quality projects and once these properties are sold on a strata basis, the buildings tend to suffer as a result of poor asset and inadequate property management. Thereafter, the properties (and ultimately districts) can become even less attractive to increasingly discerning prospective high quality tenants who, as a matter of corporate policy in some cases, require a professional landlord, management and business address.

As districts' land resources dwindle, and the specifications of existing building supply become dated or obsolete, local governments realise that continued and long term business tax generation growth prospects may rest on a shrinking number of land parcels. When given the choice, local governments are beginning to prioritise the long term success of their districts over achieving the highest auction price for a given site.

The Chinese government has a proactive approach towards monetary policy and actively adjusts credit policies depending on the economic situation. Given the global economic picture, it seems likely that the government will pursue a strategy supportive of investment in the short to medium term. Recent interest rate and reserve ratio cuts have increased liquidity to the real estate market, encouraging investment by purchasers and developers. Investment in infrastructure and real estate is seen by the government as one of the most expedient methods of injecting money into the economy and it is anticipated that future monetary policy will be reflective of this.

China Real Estate Sector Overview

Office Market

In general, the outlook for China's high quality office sector is positive, with expansion demand from existing businesses and new establishment demand from foreign businesses. Perhaps most importantly, the market is now experiencing solid and rapidly growing demand from both state owned and private Chinese companies - a trend not seen in previous years, and one that is set to continue.

Retail Market

On the back of continued improvements in the standard of living and disposable incomes, retail sales experienced year on year growth of 14.1 percent as of September 2012. This growth trend is set to continue but retail real estate supply is also expected to grow at least as quickly.

Disposable income per capita in China grew by 14 percent in 2011. The growth in spending power has spurred the expansion of many domestic and foreign retailers. Despite this new supply, there remains strong demand in major markets for retail premises. An increasing number of established retailers are looking to expand with multistore strategies for individual cities. However, China has traditionally been an extremely complex market for foreign retailers to penetrate and these complexities are compounded by the low quality of existing older retail property stock.

Expanding retail operators have a strong preference for high quality retail premises and new Chinese markets in which to develop. Coupled with strong expansion plans for domestic retailers, the Chinese retail property sector should continue to see solid growth in the short to medium term. However, rental growth may be tempered somewhat (in comparison to previous years) due to the establishment of a multitude of new markets and facilities seeking to absorb this demand.

2013 China Real Estate Sector Summary

The following table provides indications of the general direction of various Chinese real estate sectors. Please note that this chart is indicative of general

trends only and that each individual city in this report may move independently and sometimes in the opposite direction to that shown. Please see relevant city sections for more information on individual market performance.

China Outlook 2013

	Office	Retail
Prices	↗	→
Rental	↑	→
Vacancy	→	↑

Source: Colliers International Shanghai (CIS) Research

The table above indicates that in the short term China's real estate market will follow a similar trend to that experienced in the first three quarters of 2012. In 2013, real estate prices are likely to see modest levels of growth in both Grade A office and Prime Retail sectors. However, prices are likely to be tempered by significant levels of new supply and some concerns over global economic circumstances.

In the office sector, availability of downtown premises in many cities is less abundant and new supply is typically superior in specification to existing properties. Together, these factors seem set to increase the average rental level across the market. Average vacancy rates should stay relatively constant at current low levels.

In the retail market, new supply additions will force the vacancy rate higher, though average prices may be expected to hover around current levels. This will be supported by higher specifications of new supply and continued active demand from retailers.

2 INTRODUCTION

INSTRUCTIONS

Mapletree Greater China Commercial Trust Management Ltd. hereafter referred to as "the Client", has requested Colliers International Advisory Services to undertake market research services in relation to the Grade A Office and Prime Retail real estate markets of Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Chongqing, Foshan and Xi'an. We refer to these collectively as the "Markets".

Mapletree's investment strategy covers the following key elements of geography and property sectors:

Element	Focus
Investment Strategy	(1) Large mixed-used development projects; (2) Investment projects with asset enhancement potential and distressed/undervalued assets
Geographical Focus	(1) CBD or emerging CBD in Tier 1 cities, including Beijing, Shanghai, Guangzhou, Shenzhen (2) CBD of selected Tier 2 cites, including Chengdu, Chongqing, Foshan and Xi'an
Real Estate Sectors	(1) Grade A Office (2) Retail

This report is intended to form sections of the prospectus issued for the Initial Public Offering. The report is issued as it is intended to appear in the prospectus. A full report and a short form report have been produced at Mapletree's request; in the case of any discrepancies the full report should prevail.

The key content is as follows:

- High level overview of the PRC economy
- Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Chongqing, Foshan and Xi'an real estate market commentary and analysis covering Grade A Office and Prime Retail sectors.

INFORMATION SOURCES

The information provided in this report has been obtained from the Client, our internal database and discussions with other market participants active in the market, applicable government bureaus and other public information sources.

3 BEIJING REAL ESTATE MARKET

3.1 BEIJING CITY OVERVIEW

3.1.1 City Overview

Beijing is the capital of the People's Republic of China. It is one of the four municipalities under the direct leadership of the Chinese Central Government. Located in the northeast of China and close to the Bohai Bay Economic Ring, it shares most of its boundaries with Hebei Province and a small portion in the southeast with Tianjin Municipality.

At present, Beijing has 14 districts and two counties, and encompasses an area of approximately 16,801 square kilometres. In July 2010, the former Xuanwu District merged with Xicheng District and Chongwen District merged with Dongcheng. According to the Beijing Statistics Bureau, the city's permanent population was 20.19 million at the end of 2011. A rise of nearly 567,000 people brought the number of urban residents to approximately 17.41 million from 2010 to 2011.

Beijing has capitalised on increased global exposure after hosting the 2008 Summer Olympic Games. As the country's cultural, political and education centre, the municipality is the headquarters for government agencies, many state-owned companies and a growing number of multinational corporations (MNCs). The city was ranked third of 294 cities in China in terms of competitiveness based on comprehensive growth, economic scale, economic efficiency and development cost by the Chinese Academy of Social Sciences (CASS)[1] in May 2011, behind Hong Kong and Shanghai.

[1] CASS is a national centre for comprehensive studies in China and the highest academic research organisation in the field of philosophy and social sciences.

Map 1: Beijing City Centre and Districts

Source: Colliers International Beijing Research, 2012

3.1.2 First Hand Land Sales Activity, 2011 to September 2012

After rapid price growth in China's residential property market in 2009 and 2010, the State Council and Beijing government promulgated a series of restrictive policies on the residential property market at the beginning of 2011 in a bid to curb property investment demand (known as the Eight Measures and The 15 Specific Measures). These policies dampened the residential property market significantly at both corporate and individual levels, resulting in a lacklustre primary land sales market in Beijing since 2011.

Many developers slowed their land acquisitions or became less aggressive in their bidding prices in response to the current housing policy environment, evidenced by the shrinking land sales transaction volume and prices. Statistics from the Beijing Land Reserve Centre show that the primary land sales area in 2011 and the period from January to September 2012 totalled 19.65 million square metres and 9.38 million square metres, down 34.7 percent and 37.2 percent year on year, respectively.

Simultaneously, the average land sales price in 2011 (including all sectors) fell

1.69 percent year on year to RMB 5,370 per square metre. Between January and September 2012, overall land sales increased 0.68 percent year on year to RMB 5,425 per square metre.

The increase in overall land prices resulted primarily from appreciation in the residential land sector. According to information recently released by the government, there were no relevant comparable land sales transactions in key commercial areas in 2012.

By sector, the area of land sold for residential uses saw the greatest decline in 2011 (51.8 percent year on year), compared to the commercial and industrial sectors which saw less significant decreases. Between January and September 2012, residential land sales volume fell by 28.8 percent year on year.

In 2011, the average land sales price per square metre of land for the residential sector declined 9.92 percent year on year to RMB 7,120 per square metre. By September 2012, the price of land had increased to an average of RMB 9,645 per square metre.

By land area sales volumes of 'direct from government' land for commercial (office and retail) and industrial uses decreased in 2011, falling 4.89 percent and 9.31 percent year on year, respectively. The decline in land sales volumes by site area accelerated rapidly between January and September 2012, falling by 74.7 percent (commercial) and 29.4 percent (industrial) year on year.

The average land sales price for the industrial sector in 2011 by site area slipped by 2.01 percent year on year, to average RMB 697 per square metre. In the commercial sector, however, that figure rose by 30.4 percent to RMB 19,506 per square metre.

Land prices in the commercial sector experienced a rebound in the first nine months of 2012, climbing 38.4 percent year on year to RMB 29,145 per square metre of land, while sites designated for industrial use saw average land sales prices increase 0.87 percent year on year to RMB 744 per square metre of land.

In the first three quarters of 2012 the residential sector was highly sought after

by developers, evidenced by the lowest declining rate of land sales volume and significant price growth. The sales volume of residential land decreased by 28.8 percent, while industrial and commercial use land had approximately 30 and 75 percent decreases year on year, respectively. The average land sales price of residential land by land area increased by over 50 percent year on year, showing strong momentum in this sector. Much of this residential land was acquired by state-owned enterprises and well-known developers.

Table 1: List of Ten Largest First Hand Land Transactions (2011 to September 2012)

Land Usage	Total Land Area (sqm)	Plot Ratio	Accommodation Cost (RMB/ sq m)	Total Transaction Price (Billion RMB)	Unit Price (RMB psm)
Residential	38,870	2.00	33,831.15	2.63	67,662.06
Residential & Public	107,036	1.77	12,522.72	2.37	22,142.08
Residential & Commercial	96,274	1.44	15,917.58	2.20	22,851.44
Residential & Commercial	32,648	2.28	25,749.28	1.92	58,856.04
Commercial	29,310	5.29	11,077.42	1.72	58,580.89
Commercial	8,046	14.91	28,750.00	3.45	428,784.49
Transportation, Residential	307,277	2.05	5,326.06	3.35	10,905.47
Commercial	8,427	16.61	22,000.00	3.08	365,491.87
Residential & Commercial	225,385	1.26	10,807.43	3.07	13,608.52
Commercial & Entertainment	305,510	1.28	7,760.00	3.04	9,953.75

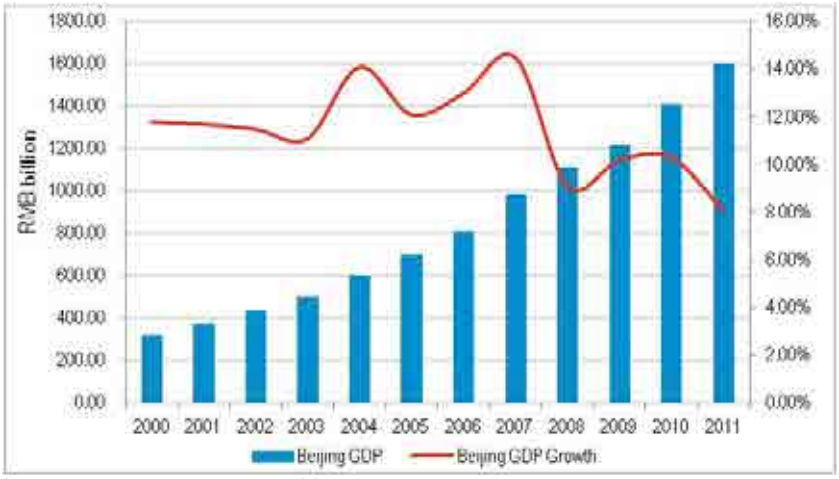
Source: Beijing Land Reserve Centre, Colliers International Beijing Research, 2012

3.2 BEIJING MACROECONOMIC OVERVIEW

3.2.1 Gross Domestic Product (GDP) and GDP Growth

Beijing holds a strategic location adjacent to the Bohai Bay and benefits from the recognition that go along with being the capital city of the most populous country in the world. Additionally, Beijing's economy is also fuelled by a variety of other factors. These include a rapidly growing IT sector, strong manufacturing activity, and a dynamic and evolving service industry. Beijing's economy has expanded rapidly over the past 12 years from 2000 to 2011, with the GDP growing at a CAGR of approximately 15.9 percent to reach RMB 1,600.04 billion by the end of 2011.

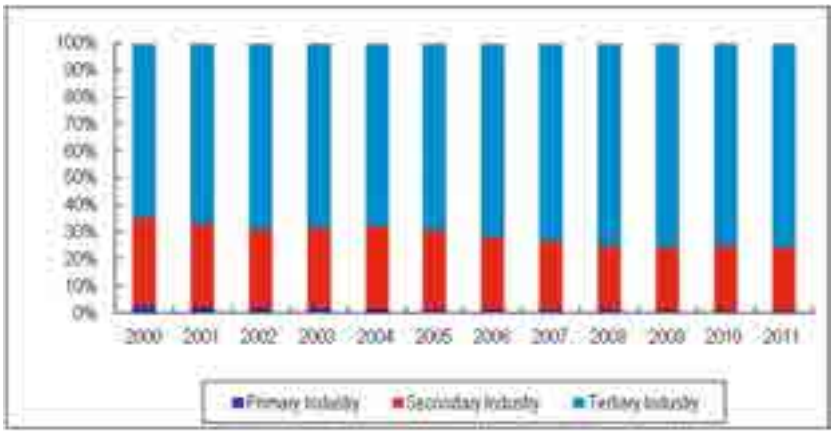
Figure 6: Beijing GDP and GDP Growth (2000 to 2011)



Source: Beijing Municipal Bureau of Statistics, 2012

Beijing's economy is driven primarily by the tertiary industry sector as has been the case since the early 1990s. In 2011, tertiary industry accounted for approximately 76 percent of the total GDP, up one percentage point and 11 percentage points compared to 2010 and 2000 respectively, as the percentage of contribution from other industry sectors retracted.

Figure 7: Beijing GDP Change by Sector (2000 to 2011)

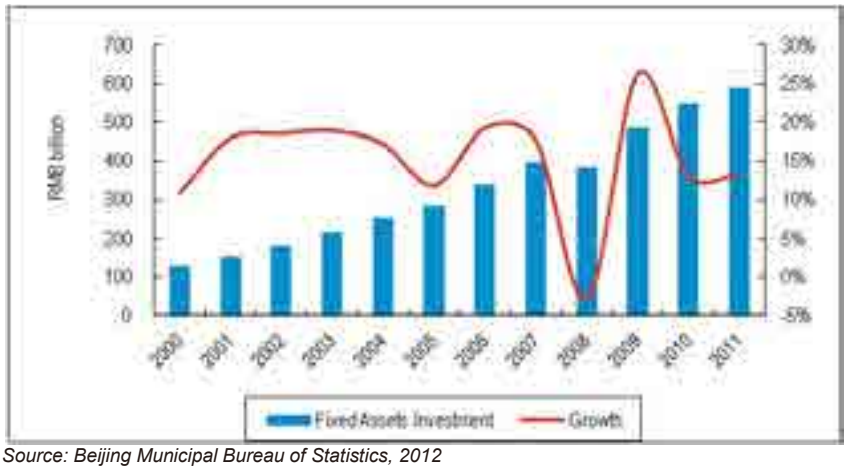


Source: Beijing Municipal Bureau of Statistics, 2012

3.2.2 Fixed Asset Investment (FAI)

Beijing's FAI has continued to rise over the last 12 years with a CAGR of 14.8 percent from 2000 to 2011. As a result of the Global Financial Crisis, Beijing's FAI decreased by approximately 3.0 percent year on year, to total RMB 384.85 billion in 2008. Nevertheless, FAI registered positive growth in 2009 on the back of central government stimulus. From 2009 to 2011, FAI grew at a slower pace due to government policies enacted to curb the property investment market. In 2011, Beijing's FAI expanded by 13.3 percent to total RMB 591.06 billion, approximately 86 percent of which was attributed to tertiary industry, which totaled RMB 510.13 billion. Approximately 51 percent of FAI, or RMB 303.63 billion was directed towards the real estate sector in 2011.

Figure 8: Beijing FAI and FAI Growth (2000 to 2011)

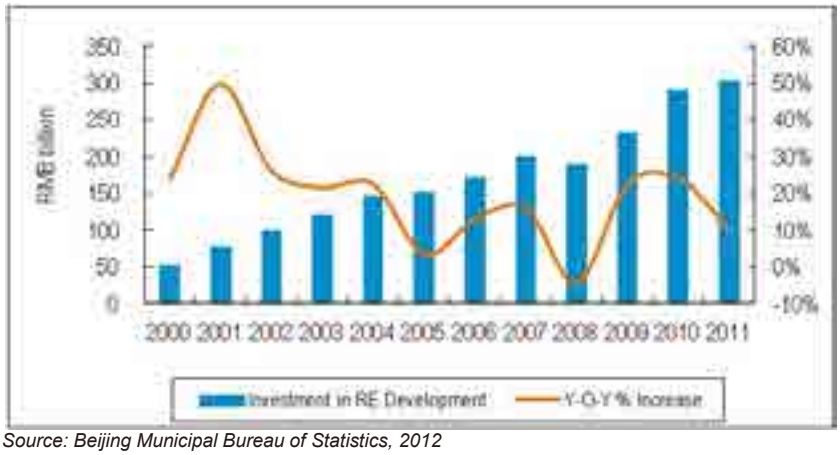


Source: Beijing Municipal Bureau of Statistics, 2012

3.2.3 Real Estate Investment and Construction

Compared to overall FAI, investment in the real estate industry has been growing at an even faster pace, registering a CAGR of 17.3 percent from 2000 to 2011. According to Beijing Municipal Bureau of Statistics, during the period 2009 to 2011, real estate investment (REI) continued to grow at a double-digit rate, reaching RMB 303.63 billion by the end of 2011, though it should be noted the growth rate has decelerated. The lower growth rate of this indicator is most likely due to the ongoing tightening policies in the property market as well as strict lending controls since 2010 amongst other factors.

Figure 9: Beijing Real Estate Investments (2000 to 2011)



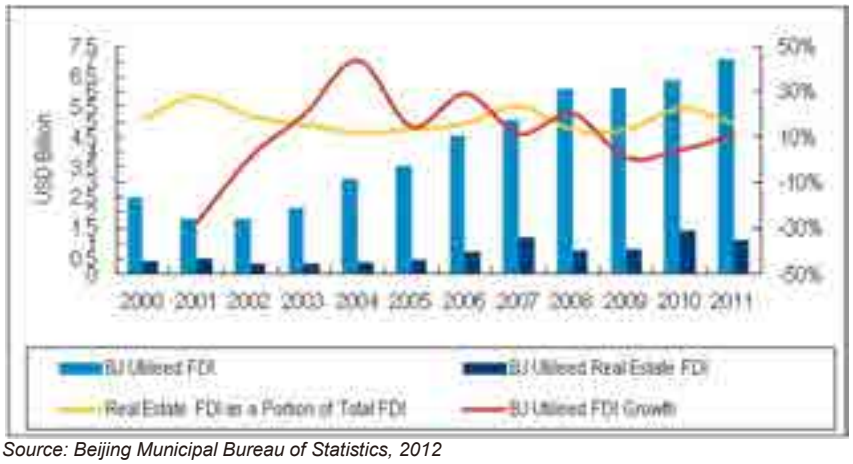
Source: Beijing Municipal Bureau of Statistics, 2012

3.2.4 Utilised Foreign Direct Investment (FDI)

Beijing's utilised FDI has witnessed strong growth over the last 11 years, from USD 1.768 billion in 2001 to USD 7.0545 billion in 2011, registering a CAGR of approximately 14.8 percent over this period. In 2010, 61.8 percent of FDI came from Asian areas, of which approximately 49.2 percent came from Hong Kong, according to the Beijing Municipal Bureau of Statistics.

During the period 2001 to 2011, investment in the real estate sector accounted for an average of 17.4 percent of FDI. Despite this percentage decreasing between 2007 to 2009, mainly due to the Global Financial Crisis, FDI in the real estate sector continued to grow, accounting for 22.3 percent of FDI in 2010. This indicates that Beijing's real estate market has continued to attract overseas investors in recent years.

Figure 10: Beijing Utilised FDI and FDI in Real Estate (2000 to 2011)



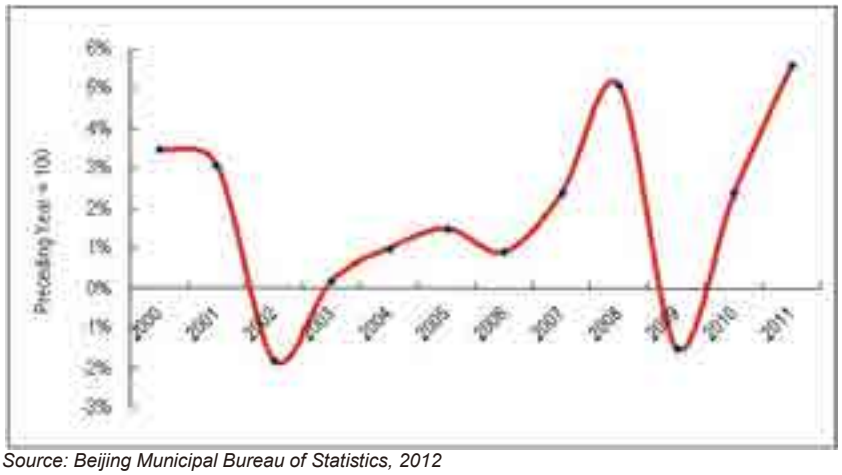
Source: Beijing Municipal Bureau of Statistics, 2012

3.2.5 Consumer Price Index (CPI)

Beijing's CPI saw a significant drop from 2008 to 2009. Since 2009, driven by the rebound of local economy, CPI growth has increased from negative 0.5 percent in 2009 to 5.6 percent in 2011, higher than the policy target of 4 percent set for the year of 2011.

CPI in 2011 increased the most in the food sector, followed by housing and clothing sectors. Inflation in Beijing has largely been due to food price fluctuations since 2007. It should be noted that this inflation rate does not take into account property price appreciation. Based on the recent growth in prices of food and other categories, the local government is expected to maintain a stringent stance on policy enacted to ward off inflationary threats.

Figure 11: Beijing CPI (2000 to 2011)

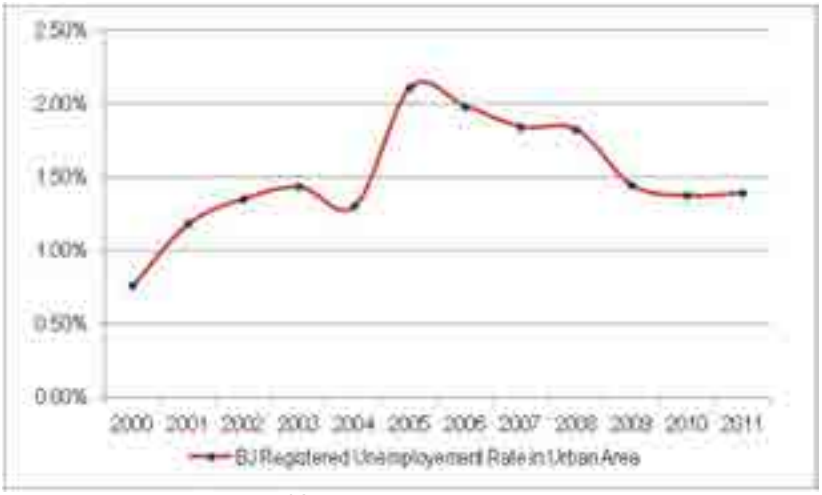


Source: Beijing Municipal Bureau of Statistics, 2012

3.2.6 Beijing Unemployment Rate

Beijing's unemployment rate refers only to the registered unemployment rate in urban areas. The unemployment rate declined from 2.11 percent in 2005 to just 1.37 percent in 2010. In 2011, the unemployment rate in Beijing recorded a slight increase of 0.02 percentage points due to the slow-down in the domestic economy.

Figure 12: Beijing Unemployment Rate (2000 to 2011)



Source: Beijing Municipal Bureau of Statistics, 2012

3.3 BEIJING GRADE A OFFICE MARKET

3.3.1 Beijing Grade A Office Market Overview

Beijing's office property market can be categorised by quality into two major segments: Grade A and Grade B. The Grade A office property market traditionally falls into seven submarkets: the Central Business District (CBD), East Second Ring, Zhongguancun, Lufthansa, East Chang An Avenue, Financial Street and Wangjing. Of the Grade A segment, several office properties in the CBD Area are sub-categorised as Premium due to the quality of construction specifications and management being higher than the standard of Grade A office accommodation available in the market.

The CBD, Lufthansa, East Chang An Avenue, East Second Ring and Wangjing submarkets are located in the eastern part of Beijing.

Central Business District

The CBD currently covers a land area of approximately 4 square kilometres and attracts many multinationals from a wide spectrum of business sectors, such as finance, professional services and international trade.

Lufthansa Area

The Lufthansa area is one of the most established and mature office submarkets located in the northeast of Beijing. Compared to other submarkets, this submarket attracts a large number of Japanese and European companies. The area enjoys a good transportation network, with direct access to the Beijing Capital International Airport and the 3rd Embassy Area. The Lufthansa area is the third most expensive submarket in Beijing in terms of office rental, given its location and relatively mature commercial environment.

East Chang An Avenue

The East Chang An Avenue submarket is situated in close proximity to the CBD and Financial Street submarkets, hence making this location a good choice for many renowed domestic and foreign corporations.

East Second Ring

The East Second Ring submarket is located northwest of the CBD and

southwest of the 3rd Embassy Area. This area has attracted many state owned enterprises (SOE's) given its close proximity to government agencies.

Wangjing

The Wangjing area occupies a land area of approximately eight square kilometres and is an emerging office submarket. This locality has proved attractive to international companies involved in business sectors such as IT, electronics and media, and is also favoured as a location for the headquarters of many manufacturing companies. The majority of the land supply here is currently for business park use.

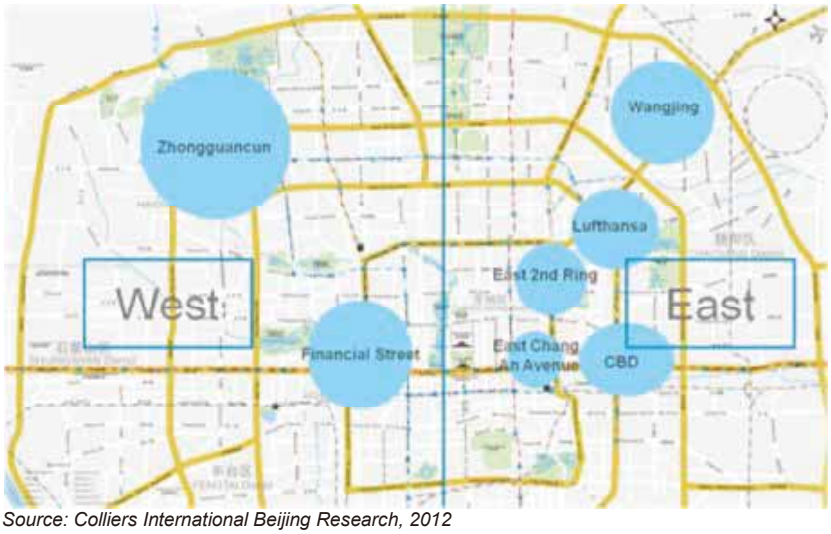
Zhongguancun and Financial Street

Zhongguancun and the Financial Street areas are western Beijing's major office submarkets.

The Zhongguancun area, located in Beijing's northwestern Haidian District, is often likened to China's Silicon Valley. Many domestic small to medium scale enterprises and multinationals are located here. Companies in this area are generally involved in IT, education and high-tech industries, and many such businesses are attracted to Zhongguancun by the relatively low office rental rates and a strong local talent pool.

The Financial Street area was planned as China's Wall Street in 1993, and, since then, has been developed into an office submarket focused on major domestic financial institutions, including the headquarters of the Industrial and Commercial Bank of China, Bank of China, and China Life. Since 2006, many international banks (e.g Goldman Sachs, UBS and Morgan Stanley) have established functional divisions in this area, given the close proximity to China's regulatory banking offices.

Map 2: Office Submarkets in Beijing



Source: Colliers International Beijing Research, 2012

3.3.2 Beijing Grade A Office Supply and Estimated Effective Supply

The supply of Grade A office stock in Beijing has grown rapidly in the last five years, recording a compound annual growth rate of the total stock of Beijing's Grade A office market from 2009 to 2011 of 6.1 percent. Between 2007 and the end of September 2012, the supply of Grade A office properties in Beijing has increased by more than 75 percent, from approximately 2.9 million to 5.2 million square metres, though the growth rate of new supply has slowed in the last three years:

Table 2: Rental Growth of Beijing Grade A Office Property Market (2007 to 2011)

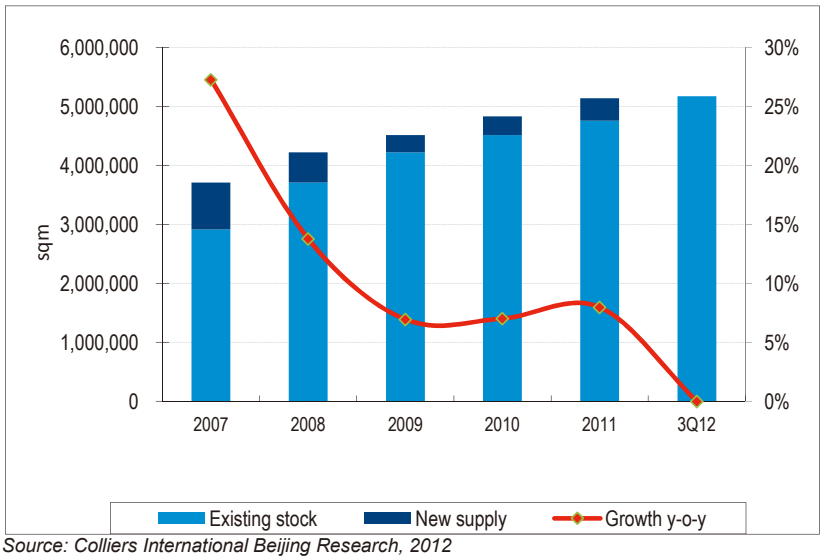
Year	Growth Rate
2007	27.0%
2008	13.7%
2009	7.0%
2010	7.0%
2011	7.9%

Source: Colliers International Beijing Research, 2012

In the Grade A office sector, there are three office properties in the CBD area, with a total gross floor area of approximately 225,553 square metres, that can be sub-categorised as Premium projects. These properties account for approximately 4.4 percent of the total Grade A office stock as of the end of the third quarter of 2012.

From the end of 2011 to the end of the third quarter of 2012, Beijing's total office stock increased by 1.7 percent to total a gross floor area of approximately 5,173,250 square metres. This increase was due to upgrades at two office properties, from Grade B to Grade A, in the CBD area; no new supply has entered the market in 2012. Prominent supply additions to Beijing's office property market over the past five years include China Central Place, China Overseas Plaza, International Finance Centre, China World Tower III, World Financial Centre, Financial Street Centre, Fortune Resource International Centre, China Overseas International Centre, CPIC Plaza and ChemSunny World Trade Centre.

Figure 13: Beijing Grade A Office Existing Stock and New Supply (2007 to 2012 Q3)



Source: Colliers International Beijing Research, 2012

3.3.3 Beijing Grade A Office Demand

Demand for good quality office accommodation in Beijing has been strong since 2007, with many MNCs and domestic companies actively seeking space for relocation or expansion. Over the past five years, net absorption averaged a gross floor area of approximately 443,020 square metres per year, which was around 1.7 and 1.5 times the new supply of 2010 and 2011, respectively.

Demand drivers came from a wide range of industries, including IT, finance, professional services, accommodation and catering, education, pharmaceutical, logistics, natural resources, energy, and international trade.

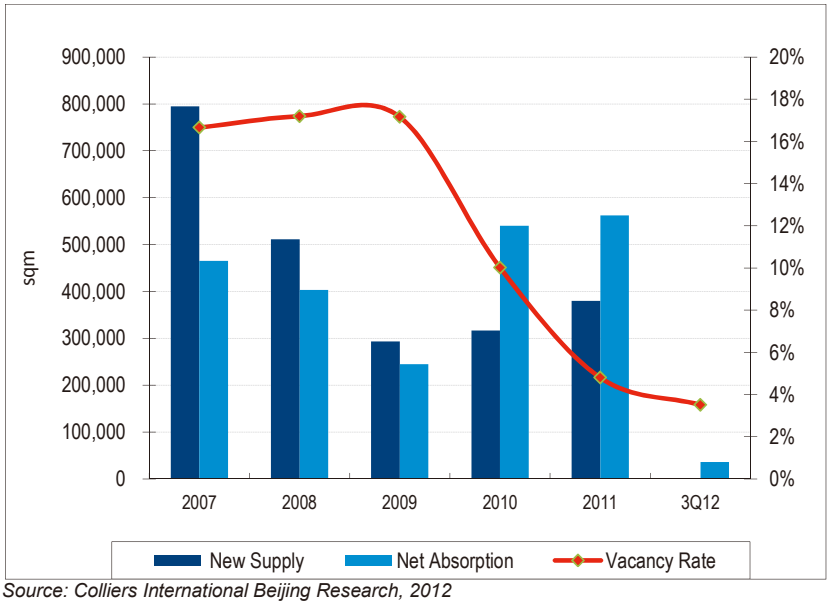
The overall vacancy rate of Beijing's Grade A office market decreased sharply from around 16.7 percent in 2007 to approximately 4.8 percent in 2011, reaching a historical low of around 3.5 percent by the end of the third quarter of 2012. While demand for Grade A office properties remained resilient during the first three quarters of 2012, leasing activity was limited, as a direct result of the prevailing lack of supply.

Table 3: Major Leasing Transactions (2011 to 2012 Q3)

Property Name	Tenant	Approximate Leasing Area (sq m)
Jia Ming Centre	Bayer	30,000
International Finance Centre	China Construction Bank	26,000
China Overseas Plaza	Toyota	22,000
Sinolight Plaza	Ifeng.com	20,000
Gateway Plaza	BMW	9,000
World Financial Centre	King &Wood	9,000
Global Trade Centre	Intel	9,000
Office Park Tower C	Oracle	9,000
Tsinghua Tongfang Hi-Tech Plaza Tower D	Yahoo	7,500
Office Park Tower C	Panasonic	7,000
Raffles City	China Development Bank	7,000
Office Park Tower C	Volvo	7,000
Ocean International Centre	Amazon	5,000

Source: Colliers International Beijing Research, 2012

Figure 14: Beijing Grade A Office New Supply, Net Absorption and Vacancy Rate (2007 to 2012 Q3)



Source: Colliers International Beijing Research, 2012

3.3.4 Beijing Grade A Office Rental

The Beijing office market is location and development specific, and rental rates vary widely based on the reputation of the developer, quality and management of the property, distance to the subway network as well as the quality of the tenant mix amongst other factors.

The average net effective rental rate for Beijing's Grade A Office properties saw robust growth from 2009 to 2011, experiencing a compound annual growth rate of approximately 29.0 percent.

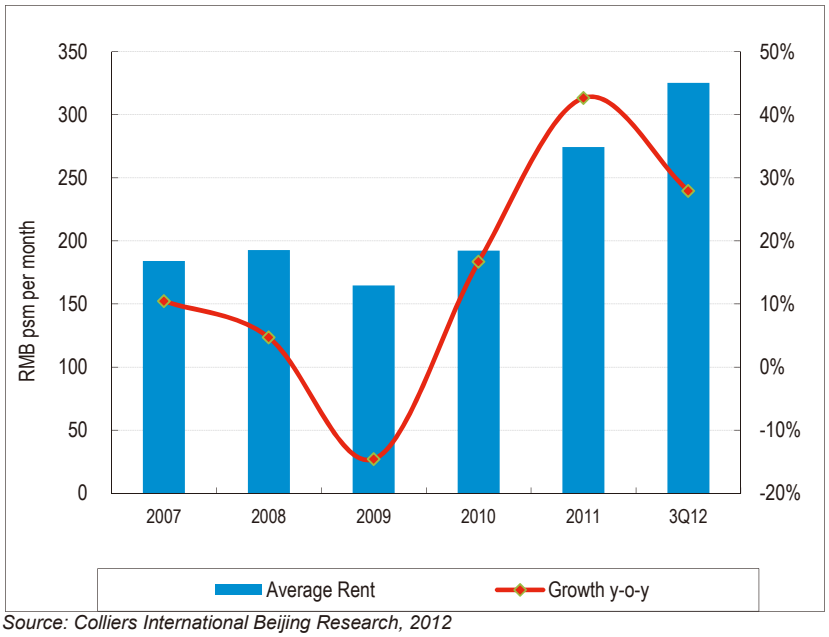
In 2008, the global financial crisis had a significant impact on the Beijing office property market, resulting in a 14.6 percent year on year slump in the average rental by the end of 2009. Despite this, Beijing's office property market experienced a rebound the following year, with average net effective rental growing at approximately 16.7 percent year on year to approximately RMB 192.3 per square metre (gross) per month by the end of 2010.

Between 2010 and 2011, rental increases accelerated further growing 42.6 percent year on year. By the end of the third quarter of 2012, Beijing's Grade A office property market average net effective rental rate rose to

approximately RMB 325.1 per square metre (gross) per month, up 27.9 percent year on year.

By submarket, the highest rental levels in the third quarter of 2012 were recorded in the Financial Street area, at an average net effective rental of approximately RMB 370 per square metre per month, followed by the CBD (averaging approximately RMB 367 per square metre per month) and Lufthansa (averaging approximately RMB 296 per square metre per month). Wangjing, as an emerging market, recorded the lowest rental in comparison with the other six traditional submarkets, with net effective rentals averaging approximately RMB 254 per square metre (gross) per month during the same period.

Figure 15: Beijing Grade A Office Average Net Effective Rental and Growth Rate (2007 to 2012 Q3)



Source: Colliers International Beijing Research, 2012

For the purposes of the Beijing section of this report the following definitions apply. Gross rental is the monthly rental charged to occupy a premises. The gross rental includes the property management fee and excludes utility costs, no allowance for any rent free period is made. Net effective rental is the monthly rental derived from the gross rental, but excludes the property management fee and takes into account any rent -free period. Rentals employed in the above chart and in this report are net effective. All office rentals are quoted on gross floor area measurements.

3.3.5 Beijing Grade A Office Investment Demand

The office property investment market was highly active over the past five years, evidenced by more than 110 en-bloc sales transactions from 2007 to 2011. The average capital value for en-bloc sales of Grade A office properties increased from approximately RMB 24,836 per square metre (gross) in 2007 to around RMB 58,000 per square metre (gross) by the end of the third quarter of 2012. By submarket, the average capital value in the Wangjing area was the lowest (approximately RMB 42,500 per square metre (gross) average) whilst that in the CBD was the highest (RMB 71,801 per square metre average) at the end of the third quarter of 2012.

Notable transactions between 2010 and the first three quarters of 2012 included:

- China Power Investment Corporation's purchase of Block C1 (GFA of approximately 23,000 sqm) of Jinmao Centre, for a total consideration of approximately RMB 850 million.

- People's Insurance Company of China (PICC)'s purchase of Capital Times Square, with a total aboveground and underground GFA of approximately 120,000 sqm, for a total consideration of approximately RMB 3.74 billion.

- SOHO China's acquisition of an office building under construction in the Zhongguancun area, with a total GFA of approximately 42,638 sqm for approximately RMB 1.155 billion.

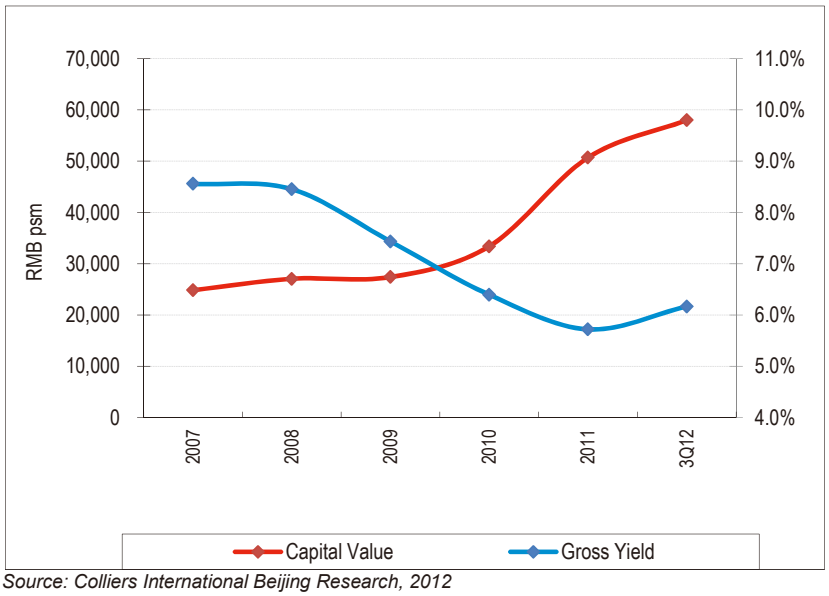
- Guangyao Dongfang Group's acquisition of the Jin Yu Building, with a total GFA of approximately 98,000 sqm, for a total consideration of approximately RMB 1.36 billion.

- Keppel Land China's equity transaction in respect of Aether Square located in the CBD's core area, with an estimated total GFA of approximately 190,149 sqm and the total consideration yet to disclose.

Given the limited availability of investment opportunities in Beijing's Grade A office market and strong acquisition demand, capital values grew more aggressively than rentals. As a result, Colliers International's analysis based

on a basket of properties suggests the average gross yield for investment in Grade A office properties decreased from 8.6 percent in 2007 to 6.2 percent by the end of the third quarter of 2012. By submarket, in 2012 gross yields ranged from approximately 5.6 percent in the CBD area at the low end to around 6.7 percent in Wangjing area at the high end.

Figure 16: Beijing Grade A Office Capital Value and Gross Yield (2007 to 2012 Q3)



Source: Colliers International Beijing Research, 2012

3.3.6 Beijing Grade A Office Market Outlook

The outlook for Beijing's Grade A office market is positive. The supply of Grade A office accommodation will continue to expand, with a further 30 new projects scheduled for completion from 2013 to 2017. These projects represent an additional total gross floor area of approximately 1,823,844 square metres:

Table 4: Beijing's Grade A Office Future Supply (2013 to 2017)

Year	New Supply (sqm)
2013	401,329
2014	173,520
2015	348,646
2016	168,849
2017	731,500

Source: Colliers International Beijing Research, 2012

Development activity will be focused in Chaoyang District from 2013 to 2015,

where 11 new Grade A office developments with a combined gross floor area of approximately 805,495 square metres are under construction, accounting for the bulk (approximately 87.2 percent) of the total new supply during the period 2013 to 2017.

Located in Chaoyang District, the Lufthansa Area has just one project in the future supply pipeline, Huadu Hotel Redevelopment Project, that is currently under construction and is expected to be completed in the second half of 2015. The project will have a Grade A office GFA of approximately 100,000 square metres, and will account for about 5.5 percent of Beijing's total new supply from 2013 to 2017.

A parcel of land referred to as the "Zhongfu" site is the last remaining plot for new office property development in the CBD area. Given the relatively slow pace of construction progress, it is expected that new buildings on the Zhongfu site, with a combined office gross floor area of approximately 731,500 square metres, will not commence the first phase of release to the market until 2017.

Considering the absence of new Grade A office supply and the continued growing demand witnessed in 2012, it is forecast that the average vacancy rate should decrease further to 2.8 percent by the end of 2012. Following the pace of new completions over the next five years, the approximate vacancy rate may record as follows:

Table 5: Beijing's Grade A Office Vacancy Rate Forecast (2013F to 2017F)

Year	Vacancy Rate
2013	5.7%
2014	4.3%
2015	5.7%
2016	5.1%
2017	7.6%

Source: Colliers International Beijing Research, 2012

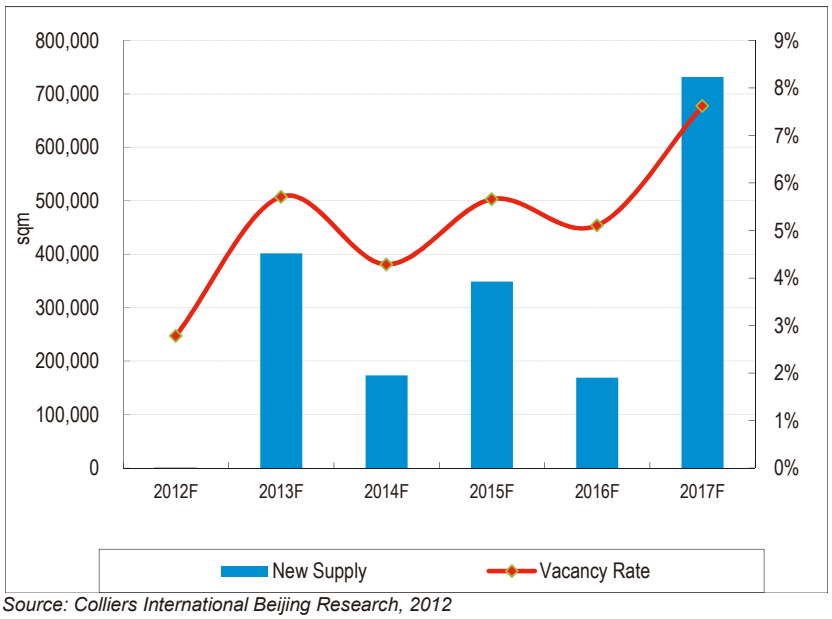
Analysis of the supply pipeline demonstrates that the average level of new supply per annum over the next five years will be lower than the average net absorption over the past five years. With this in mind, Colliers International project that office properties with a good locations, quality construction, convenient accessibility, high standards of specification and professional

property management, such as Gateway Plaza and Phoenix Place for example, should continue to outperform the market and enjoy robust growth in both rentals and capital values despite the muted global economic backdrop.

Demand for Beijing's office properties are expected to be driven by sectors such as the legal profession, education, pharmaceuticals, media, technology, consumer goods, natural resources, energy, and professional services.

Colliers International have observed a recent trend towards decentralisation in the office property market, due to a variety of factors but predominantly as a result of very low vacancy causing a scarcity of contiguous space or floors and high rental rates in core areas such as the CBD and Financial Street. Leading the way to decentralised locations are corporations engaged in industries such as news, media, tele-communications, fast moving consumer goods, electronics, and manufacturing.

Figure 17: Beijing Grade A Office New Supply and Vacancy Rate Forecast (2012F to 2017F)



Source: Colliers International Beijing Research, 2012

Table 6: Beijing Grade A Office Future Lease Only Supply (2012 to 2015)

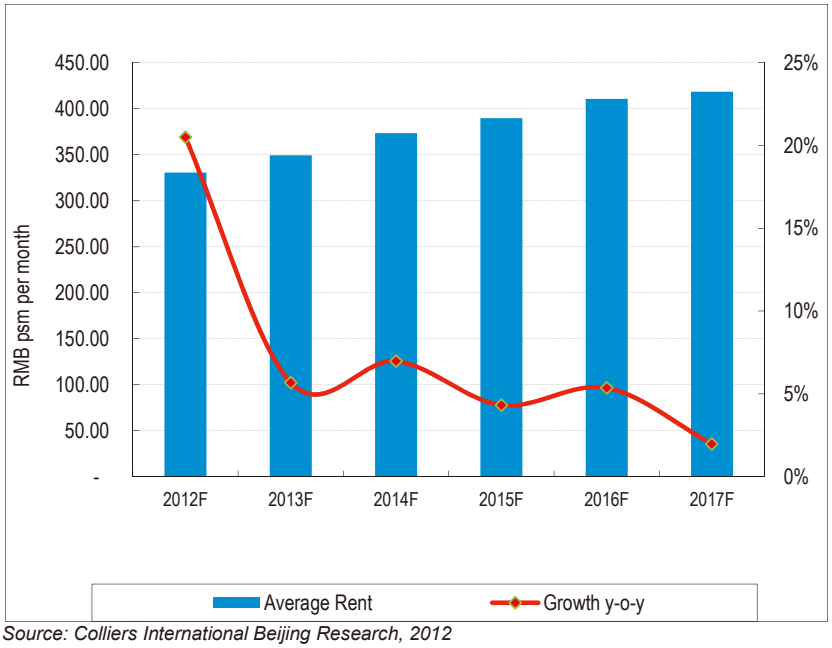
Year	Building (for leasing)	District	Submarket	Office GFA (sqm)
2012	None			0
	Sub-Total			***0***
2013	Foretune Capital International Center	Xicheng	Financial Street	60,000
	Guoson Centre	Chaoyang	East 2nd Ring	141,329
	Foretune Financial Center	Chaoyang	CBD	150,000
	Sino-Ocean Land Jingmian Project	Chaoyang	CBD	50,000
	Sub-Total			***401,329***
2014	Raycom Infotech Park Tower B	Haidian	Zhongguancun	58,000
	Wangjing Poly Tower 1	Chaoyang	Wangjing	61,000
	Wangjing Poly Tower 2	Chaoyang	Wangjing	31,140
	Wangjing Poly Tower 3	Chaoyang	Wangjing	23,380
	Sub-Total			***173,520***
2015	Aether Square	Chaoyang	CBD	103,846
	Green Land Centre 625 Tower A1 to A4	Chaoyang	Wangjing	26,800
	Emperor East Chang An Project	Chaoyang	East Changan Avenue	50,000
	LSH Development Ph II	Chaoyang	Wangjing	68,000
	Huadu Hotel Redevelopment Scheme	Chaoyang	Lufthansa	100,000
	Sub-Total			***348,646***
	Total			***923,495***

Source: Colliers International Beijing Research, 2012

Rental rates in Beijing's Grade A office market have grown rapidly in recent years, however now it is likely that rental growth trends may not continue at such an aggressive pace as seen historically when rentals were at a low base level and the market was maturing. Although current levels of vacancies are low, rental growth in general is anticipated in the coming year to be moderated by tightening occupational budgets of multinational companies.

Rental rates, therefore are projected to grow at a tempered pace over the next five years, to reach approximately RMB 349 per square metre in 2013, RMB 374 in 2014, RMB 390 in 2015, RMB 411 in 2016 and RMB 419 in 2017.

Figure 18: Forecast of Beijing Grade A Office Rental Rates (2012F to 2017F)

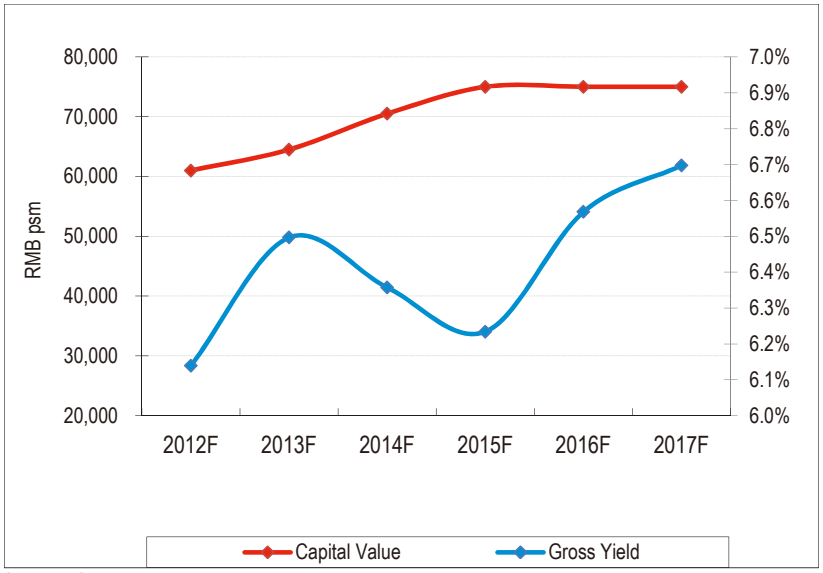


Source: Colliers International Beijing Research, 2012

Overall, average capital values for Grade A office properties in Beijing are forecast to increase continually over the next five years supported by both stabilised rental income and growth in rentals. Capital values per square metre (gross) are expected to reach an average of approximately RMB 64,500 in 2013, RMB 70,500 in 2014, and rest at approximately RMB 75,000 from 2015 to 2017.

Investment returns are projected to increase from 2013 to 2015, with gross yields reaching approximately 6.5 percent in 2013, 6.4 percent in 2014, 6.2 percent in 2015, 6.6 percent in 2016 and 6.7 percent in 2017.

Figure 19: Forecast of Beijing Grade A Office Capital Value and Gross Yield (2012F to 2017F)



Source: Colliers International Beijing Research, 2012

3.3.7 Beijing Gateway Plaza Sub Market Analysis

Introduction to Gateway Plaza

Strategically centred in the Lufthansa area, one of the prime office submarkets in Beijing, Gateway Plaza enjoys direct access to the East Third Ring Road close to the eastern end of the Sanyuan Bridge, adjacent to the Beijing Capital International Airport Expressway.

Gateway Plaza is a mixed-use development with a total gross leasing area of approximately 106,456 square metres of office and retail components. Equipped with large floor plates, measuring from 1,500 to 2,300 square metres and approximately 692 car parking spaces, Gateway Plaza is a Grade A office development and is one of the most popular and preferred choices for many MNCs and domestic enterprises setting up offices in Beijing.

Completed in 2005, the compound was developed by Beijing Bestride Group Real Estate Development Ltd., and acquired by Mapletree Investments Pte Ltd., from RREEF China Commercial Trust in 2010.

Map 3: Map of Gateway Plaza

Source: Colliers International Research

SWOT Analysis of Gateway Plaza

STRENGTHS	OPPORTUNITIES
1. Prestigious location 2. Convenient transportation access to the East Third Ring Road and Beijing Capital Airport Express 3. Highly visible corner site 4. Quality construction, structure, floor layout and maintenance 5. Imposing building façade - a landmark building in the local area 6. Sufficient car parking provision 7. Sufficient retail podium space 8. High profile tenant mix 9. Grand entrance lobby 10. Close to bus stations 11. Approximately 700 meters to Sanyuanqiao subway station 12. Flexible office floor plate allows for easy subdivision or whole floor occupation 13. High level of occupancy 14. Limited land available in the locality for future office developments 15. Tenants who have signed contracts in recent years may be reluctant to relocate due to capital investment on their office fit out	1. Limited supply of Grade A office space in the Lufthansa area with only 100,000 square metres projected for the period 2013 to 2017. 2. Low vacancy rate in the submarket and across the whole of the Beijing market 3. Improve amenities 4. Refurbishment to make better use of the lobby and corridor areas 5. Identify expansion requirements from existing tenants 6. Continued rental growth of the office property market in Beijing in the future should drive improved performance
WEAKNESSES	**THREATS**
1. No direct access to subway station, the distance is approximately 700 meters 2. Relatively low efficiency ratio at approximately 70% 3. Anchor tenant, BMW, takes up a large area, resulting in limited flexibility of expansion in the building by other smaller tenants	1. Direct competition from existing supply in the precinct, such as Pingan International Financial Centre, Phoenix Place, Hyundai Motor Tower as well as Jiaming Centre 2. A new project, Runshi Centre with an office GFA of 65,848 sq m, within the Lufthansa area is due for completion in 2013, although it is currently catagorised as a Grade B property, it does represent an element of competition and is asking for rentals at around RMB 330 per sq m per month.

Rental Projections for Lufthansa Submarket

Assumptions

Property Resilience and Future Supply Pipeline

The highly restricted supply of new Grade A office situation within the Lufthansa submarket will continue until the Huadu Hotel redevelopment project is completed in the second half of 2015. This project should bring a total gross floor area of approximately 100,000 square metres to the Lufthansa area. Leasing competition in the Grade A office sector within the Lufthansa area should remain limited until then.

Properties Resilience Against Economic Downturn

Despite the weak economic performance of some developed economies globally, it is believed that China has reserved sufficient room to manoeuvre with implementation of policies to respond to downside risks. Additionally, robust consumption growth within China has helped to cushion the impact of the external growth slowdown, resulting in a more pronounced, growth performance when comparing China to the world economy in general towards the end of 2012. It is expected that Beijing as the capital of China, will continue to attract overseas and domestic enterprises to establish, expand or relocate their headquarters or offices in the locality. However, the outlook for Beijing's office property market, and Gateway Plaza, should remain optimistic over the short to medium term.

Properties Resilience Against Oversupply

Beijing has yet to experience an oversupply situation in the Grade A office property market. The Lufthansa submarket is synchronised with the overall market, where the situation appears unlikely to be subject to any sudden major shift in vacancy and/or rental rates over the next five years from 2013 to 2017, despite approximately 100,000 square metres of new office supply projected to come to the submarket during that period.

Rental Projection

Rental growth momentum continued in the third quarter of 2012 and is expected to be sustained by the prevailing market conditions of limited supply and steady domestic economic growth during the short to medium term. On the back of this, Runshi Centre, which is a Grade B office property with an office GFA of around 65,848 square metres, located within the Lufthansa area and scheduled for completion in 2013, is hoping to achieve a net effective rent

of approximately RMB 330 per square metre per month albeit there have yet to be transactions at this level concluded thus far and a more realistic rate might be ranging from RMB 280 to RMB 300 per square metre per month.

With the assumptions made above, albeit qualitatively, the projected rental growth rate and net effective rent of the Lufthansa submarket is estimated as follows:

Table 4: Forecast of Rental Growth, Net Effective Rental and Average Vacancy Rate of Lufthansa Grade A Office Property Submarket (2013F to 2017F)

Year	Growth Rate	Range of Net Effective Rental (RMB per sq m per month)	Range of Average Vacancy Rate
2013	3%-5%	RMB 311.30 – RMB 317.34	1.5%-2%
2014	5%-7%	RMB 329.40 – RMB 335.67	1.5%-2%
2015	2%-4%	RMB 339.19 – RMB 345.84	1%-1.5%
2016	6%-7%	RMB 363.06 – RMB 366.49	0.5%-1%
2017	2%-3%	RMB 372.08 – RMB 375.72	0.5%-1%

Source: Colliers International Beijing Research, 2012

Future rental growth for the Lufthansa submarket is expected to be subdued due to the potential impact on some MNCs from the most recent EU economic recession and limited growth in the USA as well as the likelihood of tenant relocations from two major office developments within the Lufthansa submarket. Though there is generally a consensus that many MNCs may and should continue to expand their business in China and Beijing in particular, their Chinese branches are sometimes subject to budget approvals from headquarters in the EU or the USA on their office occupation costs. Given the excessive rental growth in Beijing over the past two years such approvals are, in some cases, becoming increasingly difficult to secure.

Many landlords in Beijing are quoting high initial rentals at the outset of negotiations, however in recent months, many have demonstrated increased elasticity in the latter stages of negotiations, this softening of stance has resulted in decelerated average rental growth since the first quarter of 2012.

Rental growth of the Lufthansa submarket at the end of the third quarter of 2012 stood at 7.5 percent quarter on quarter, primarily this growth resulted from a reduction in rent free periods by most landlords. With the aforementioned rental growth continuing through the next 15 months, it is

projected that the overall year on year rental growth for the submarket for 2013 will be approximately 3.8 percent.

In contrast, Gateway Plaza could see more resilient rental growth, subject to some property renovation, adjustment of the tenant mix as the submarket experiences less competitive leasing conditions.

Gateway Plaza already has the advantage of a good location to attract occupiers. If renovations were undertaken, for example upgrading the retail amenities and with further enhancement of the property management, this will reduce tenants' bargaining power in rental negotiations. The potential increases in rental as a result of such enhancements are difficult to quantify without a specific list of improvements, but it is envisaged that they could return higher rentals compared to the current levels as a result of upgrading.

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Supplementary Analysis of 7 Grade A Office Property Submarkets In Beijing

Table 5: Average Net Effective Rent by Submarket

Average Net Effective Rent (RMB psm per month)	2007	2008	2009	2010	2011	2012Q3	2012F	2013F	2014F	2015F	2016F	2017F
CBD	202.5	188.7	163.3	202.0	313.7	366.7	372.2	394.5	434.0	455.7	487.6	472.9
East Chang An Avenue	177.5	175.4	139.5	164.5	256.0	279.7	283.9	291.7	307.7	316.0	331.8	336.8
East 2nd Ring	196.1	188.3	146.7	160.4	209.6	259.5	265.5	258.9	279.4	303.9	308.5	314.7
Financial Street	195.0	235.1	210.9	238.2	307.1	369.6	380.7	400.1	442.1	464.3	492.1	516.7
Lufthansa	193.6	188.8	146.0	167.2	244.0	296.0	302.2	313.7	332.5	342.5	364.8	372.4
Zhongguancun	141.4	166.9	152.6	171.1	213.1	249.8	256.0	290.1	285.8	301.5	308.4	316.1
Wangjing	NA	NA	NA	NA	221.8	253.9	259.3	267.3	279.3	292.4	304.1	310.22

Source: Colliers International Beijing Research, 2012

Table 6: Average Vacancy Rate by Submarket

Vacancy Rate	2007	2008	2009	2010	2011	3Q2012	2012F	2013F	2014F	2015F	2016F	2017F
CBD	25.6%	27.4%	28.1%	19.2%	8.8%	6.8%	5.4%	9.4%	5.8%	6.5%	7.3%	14.0%
East Chang An Avenue	4.4%	3.7%	5.0%	3.0%	0.9%	3.9%	1.9%	1.5%	1.0%	8.0%	3.7%	2.8%
East 2nd Ring	19.1%	24.6%	40.6%	13.8%	8.0%	2.1%	2.3%	20.8%	8.0%	5.0%	2.0%	2.0%
Financial Street	27.6%	15.6%	6.1%	1.8%	0.1%	0.6%	0.4%	1.6%	0.7%	0.5%	0.1%	0.2%
Lufthansa	3.4%	22.0%	19.2%	14.5%	3.0%	1.8%	2.0%	1.9%	1.8%	1.2%	0.7%	0.62%
Zhongguancun	9.5%	4.9%	6.3%	1.0%	1.0%	0.7%	1.0%	1.0%	3.0%	2.5%	1.0%	1.0%
Wangjing	NA	NA	NA	NA	51.0%	1.0%	0.2%	0.2%	20.8%	30.8%	25.2%	17.0%

Source: Colliers International Beijing Research, 2012

Table 7: List of the 20 Largest Single Owner Grade A Office Buildings in Beijing (as at 2012 Q3)

Rank	Property Name	Office GFA (sqm)	Submarket	Completion Year
1	ChemSunny World Trade Centre	194,000	Financial Street	2007
2	World Financial Centre	177,847	CBD	2008
3	Oriental Plaza East Zone	150,000	East Chang An Avenue	2001
4	IFC	146,385	CBD	2011
5	China World Tower	142,000	CBD	2010
6	Gateway Plaza	130,488	Lufthansa	2005
7	China Electronics Plaza	124,500	Zhongguancun	2005
8	China Central Place (Tower I&II)	120,245	CBD	2007
9	Winland International Financial Centre	120,000	Financial Street	2005
10	Sino-Steel Plaza	110,000	Zhongguancun	2005
11	Gemdale Plaza	102,796	CBD	2007
12	Oriental Plaza West Zone	100,000	East Chang An Avenue	2000
13	SK Tower	95,000	CBD	2006
14	Raycom Infotech Park Tower C	95,000	Zhongguancun	2004
15	COSCO Building	90,000	Financial Street	2000
16	Pingan International Financial Centre	89,000	Lufthansa	2008
17	Parkview Green	87,000	CBD	2011
18	Bright China Chang An Building	83,000	East Chang An Avenue	1996
19	Beijing Kerry Centre	80,091	CBD	1998
20	Prosper Centre	80,000	CBD	2007

Source: Colliers International Beijing Research, 2012

Lufthansa Area historical leasing transaction records in the market show that Gateway Plaza has recently signed a number of leases with an average net effective rental reaching approximately RMB 400 per square metre per month. This is primarily a result of the limited choice in the Lufthansa office market at present, a situation which is projected to continue until 2015 combined with continued rental growth momentum across the sector. In addition, landlords of some Grade B office buildings currently under construction within the submarket are quoting rentals of around RMB 350 to 380 per square metre per month. This equates to effective rentals estimated in excess of approximately RMB 330 per square metre per month, some time prior to completion of the projects, although a more realistic achievable rental range might be RMB 280 to 300 per square metre per month.

With these new benchmarks, it is expected that the rental growth of several high quality Grade A office properties within the Lufthansa submarket, such as Gateway Plaza, will outperform the rental forecast for the overall submarket by a factor in the range of 10 to 20%.

Table 8: Historical Supply of Lufthansa Submarket (1990 to 2011)

Property Name	Office GFA (sqm)	Completion Year
Landmark Building I	25,000	1990
Silver Tower	66,200	1997
Landmark Building II	25,000	1998
Beijing Sunflower Tower	53,000	1999
Pacific Century Place	67,000	1999
Hyundai Motor Tower	50,000	2000
Air China Plaza	40,000	2002
Gateway Plaza	131,575	2005
Pingan International Financial Centre	89,000	2008
Greater China	17,700	2008
Phoenix Place I	32,000	2010
Jiaming Center	52,170	2010
Phoenix Place II	46,000	2011

Source: Colliers International Beijing Research, 2012

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Overview of the Subject Property

Gateway Plaza		
Property Name: Gateway Plaza		
Office and Retail total GLA		106,456 sq m
Brief Introduction of Key Specifications	Typical Floor Plate (Gross)	2,265 sq m
	Efficiency Ratio	70%
	Floor to Ceiling Height	2.8 m
	A/C Type	2-pipe
Description	No. of office floors	Tower 1 & 2: 25
	Mixed-use development:	Yes
	Retail podium GFA approx.	11,000 sq m
Number of Car Parking Spaces		692
Year of Completion		2005
Asset Performance as at 3Q12	Vacancy Rate	3%
	Net Effective Rent	RMB 301.9 psm per month
Existing Anchor Tenants		BMW, China Fortune Land Development, Doosan, John Deere, Cummins, Bank of China, and Nanyang Commercial Bank

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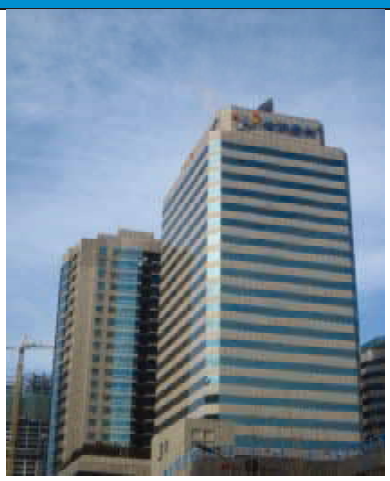
Overview of Comparable Properties

Phoenix Place II		
Property Name: **Phoenix Place II**		
Office GFA		46,000 sq m
Brief Introduction of Key Specifications	Typical Floor Plate (Gross)	1,415 sq m
	Efficiency Ratio	75%
	Floor to Ceiling Height	2.8 m
	A/C Type	4-pipe
Description	No. of office floors	26
	Mixed-use development:	Yes
	Retail podium GFA approx.	70,000 sq m The retail podium was previously occupied by Pacific Department Store. However, Pacific Department Store has now closed, and it is expected that the retail element will be converted into a shopping centre.
Number of Car Parking Spaces		Underground 424, Ground 200
Year of Completion		2011
Asset Performance as at 3Q12	Vacancy Rate	0%
	Net Effective Rent	RMB 383 psm per month
Existing Anchor Tenants		Sharp, Topin Group, Zurich Financial Services Group, Mercedes-Benz, Mitsubishi Pharma, Hitachi, Shanghai GM, Nissan
Pros		• Very good location • Direct access to subway station and airport express station, good auxiliary facilities
Cons		Relatively small floor plate and lobby

Phoenix Place I		
Property Name: **Phoenix Place I**		
Office GFA		32,000 sq m
Brief Introduction of Key Specifications	Typical Floor Plate (Gross)	1,440 sq m
	Efficiency Ratio	80%
	Floor to Ceiling Height	2.8 m
	A/C Type	4-pipe
Description	No. of office floors	16
	Mixed-use development:	Yes
	Retail podium GFA approx.	70,000 sq m The retail podium was previously occupied by Pacific Department Store. However, Pacific Department Store has now closed, and it is expected that the retail element will be converted into a shopping centre.
Number of Car Parking Spaces		951
Year of Completion		2010
Asset Performance as at 3Q12	Vacancy Rate	0%
	Net Effective Rent	RMB 380 psm per month
Existing Anchor Tenants		LOCK&LOCK, NTT Data, China Resources Land, Lego
Pros		• Very good location • Direct access to subway station and airport express station, good auxiliary facilities
Cons		Relatively small floor plate and lobby

Pacific Century Place Tower A&B		
Property Name: Pacific Century Place Tower A&B		
Office GFA		67,000 sq m
Brief Introduction of Key Specifications	Typical Floor Plate (Gross)	2,413 sqm (A), 1,452 (B)
	Efficiency Ratio	69% (A), 88% (B)
	Floor to Ceiling Height	2.6 m
	A/C Type	4-pipe
Description	No. of office floors	18
	Mixed-use development:	Yes
	Retail podium GFA approx.	There is no retail podium under the office towers. However, there is a retail component in the overall compound, adjacent to the office towers. At present, the retail component is positioned as The Galleria shopping centre, with a total retail GFA of approximately 35,000 sq m
Number of Car Parking Spaces		908
Year of Completion		1999
Asset Performance as at 3Q12	Vacancy Rate	0%
	Net Effective Rent	RMB 283 psm per month
Existing Anchor Tenants		Boeing, Mitsubishi, Pacific Century Cyber Works, Aegon-cnooc, Citic Bank, HKU SPACE, J-WORKS, HWL, Regus
Pros		• Very good location • Good security system • Has large retail component to provide diversified supporting facilities
Cons		Relatively aged building and facilities

Ping'an International Financial Centre		
Property Name: **Ping'an International Financial Centre**		
Office GFA		91,772 sq m
Brief Introduction of Key Specifications	Typical Floor Plate (Gross)	4,303 sq m
	Efficiency Ratio	70%
	Floor to Ceiling Height	2.9 m
	A/C Type	2+2-pipe
Description	No. of office floors	24
	Mixed-use development:	Yes
	Retail podium GFA approx.	30,090 sq m. The retail component is positioned as a middle to high end shopping centre, namely City Mall, accommodating a handful of international retail brands such as Gucci, Salvatore Ferragamo, Burberry and Paul & Shark.
Number of Car Parking Spaces		570
Year of Completion		2008
Asset Performance as at 3Q12	Vacancy Rate	0%
	Net Effective Rent	RMB 321 psm per month
Existing Anchor Tenants		Reed Exhibition, Pingan Insurance, Polycom, Konica Minolta, Hillhouse Capital Management, Boxin Capital, Genting Oil and Gas, Beijing Zhongkunshenhe Investment, Wanze Investment Fund, ION Geophysical Group
Pros		• Good location • Good retail ambiance • Convenient transportation access
Cons		• Bad quality elevators: noisy and slow • Substandard property management • Building aging quickly

Landmark Building (I & II)		
Property Name: Landmark Building (I & II)		
Office GFA		50,000 sq m
Brief Introduction of Key Specifications	Typical Floor Plate (Gross)	730 sq m
	Efficiency Ratio	70%
	Floor to Ceiling Height	2.5 m
	A/C Type	2-pipe
Description	No. of office floors	Tower I: 27F, Tower II: 23F
	Mixed-use development:	Yes
	Retail podium GFA approx.	500 sq m
Number of Car Parking Spaces		300
Year of Completion		1990 (Building I), 1999 (Building II)
Asset Performance as at 3Q12	Vacancy Rate	1%
	Net Effective Rent	RMB 283.3 psm per month
Existing Anchor Tenants		Iwatani Corporation, Sony, ING, Veolia Environment, Subaru Automobile, Cultural And Education Section British Embassy, World Trade Centre Beijing, Southwest Research Institute, German Centre Beijing, DE International
Pros		• Very good location and transportation access • Close proximity to the 3rd Embassy Area and the East Third Ring Road • Located in a compound, offering upscale dining and hotel accommodation services that cater for business
Cons		• Aged building and auxiliary facilities

Jiaming Centre		
Property Name: **Jiaming Centre**		
Office GFA		52,170 sq m
Brief Introduction of Key Specifications	Typical Floor Plate (Gross)	1,465 sq m
	Efficiency Ratio	70%
	Floor to Ceiling Height	3.1 m
	A/C Type	VAV 4-pipe
Description	No. of office floors	20
	Mixed-use development:	No
	Retail podium GFA approx.	3,000 sq m serving as an auxiliary facility
Number of Car Parking Spaces		375
Year of Completion		2010
Asset Performance as at 3Q12	Vacancy Rate	0%
	Net Effective Rent	RMB 340 psm per month
Existing Anchor Tenants		Bayer, Tenio, Bbdo, Abbott, General Steel Holdings, Timart Networks
Pros		• Good location • LEED-CS Environmental Certificate Gold Award • Good security system
Cons		• Insufficient car parking spaces

3.4 BEIJING PRIME RETAIL MARKET

3.4.1 Beijing Prime Retail Property Market Overview

Beijing's retail market is not as mature as that of Shanghai or Guangzhou in terms of real estate product and the number of retail venues. Despite this, there are several key catchments that are nationally and locally known. The traditional prime property formats, such as the department store, are slowly being replaced. This trend will likely continue and future shopping centres will most likely be anchored by new department store entrants, such as Galeries Lafayette and Lane Crawford. In essence, the outlook for the shopping centres or shopping malls in Beijing's retail market is positive, as an increasing amount of this type of product comes to the market.

The distribution of retail catchments in Beijing is relatively scattered, with the most established ones being the Wangfujing, Xidan, Central Business District (CBD), Lufthansa, Dongzhimen, Chaoyangmen, Financial Street and Zhongguancun areas.

Wangfujing is one of the most traditional retail catchments in Beijing, and spreads across the intersection of the pedestrianised Wangfujing Avenue and East Chang An Avenue to the Dengshikou area in the north. It is the most famous shopping area in Beijing and accommodates two of Beijing's largest shopping centres, the Mall at Oriental Plaza and Beijing APM.

Xidan, another traditional retail catchment, covers the area encompassed by Xidan Bei Avenue and the intersection of Fuxing Men Nei Avenue and West Chang An Avenue, attracting many young and fashionable consumers to the locality. The CBD is currently a four square kilometre area located at the intersection of the East 3rd Ring Road and Jianguomenwai Avenue, with plans for a three square kilometre expansion to the east. Retail venues cited most often for this catchment include the China World Mall and Shin Kong Place, both of which house many international luxury brands.

Beijing's retail market is expanding and seems set to continue its pace of development in the forthcoming years, mainly driven by the continued growing population, increasing incomes, the further opening-up of China's retail market to foreign retailers, retailer expansion strategies to increase brand penetration

and a growing middle class. For the purposes of this research exercise, the sector to be discussed is mid to high end shopping centres.

Map 4: Beijing Major Retail Areas

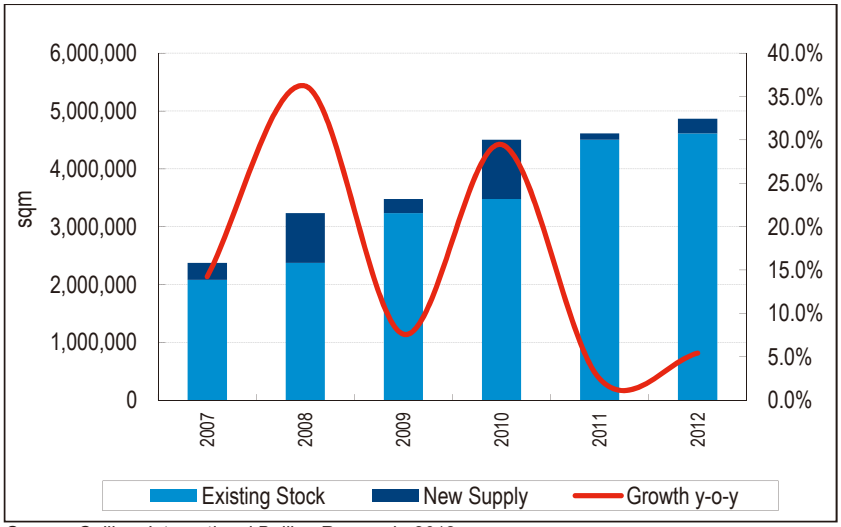
Source: Colliers International Beijing Research, 2012

3.4.2 Beijing Prime Retail Market Supply

In the last five years, the total stock of Beijing's mid to high end shopping centre market grew by an average of 18.1 percent annually. A series of new supply was completed in 2008 in a bid to seize the market opportunity derived from the 2008 Summer Olympic Games. As the construction pace after the 2008 Olympics slowed, new completions in the most recent two years have been relatively limited.

By the end of the third quarter of 2012, the stock of mid to high end shopping centres in Beijing was estimated at around 4,865,173 square metres, with the majority of this supply being located in the catchment areas of the CBD (17.1 percent approximately), Zhongguancun (12.0 percent approximately), and Lufthansa (9.8 percent approximately).

Figure 20: Beijing Prime Retail Existing Stock, New Supply and Growth Rate (2007 to 2012)



Source: Colliers International Beijing Research, 2012

3.4.3 Beijing Prime Retail Market Demand

Fundamentally, consumers in Beijing became better able to afford better quality retail products as their incomes grew by double-digit percentages annually, attracting an increasing number of international retailers to open and expand their businesses in Beijing.

Meanwhile, local consumers appear to demand more from their shopping experiences as urban residents' lifestyles evolved, catalysing the aspirations and needs for a variety of shopping options under one roof.

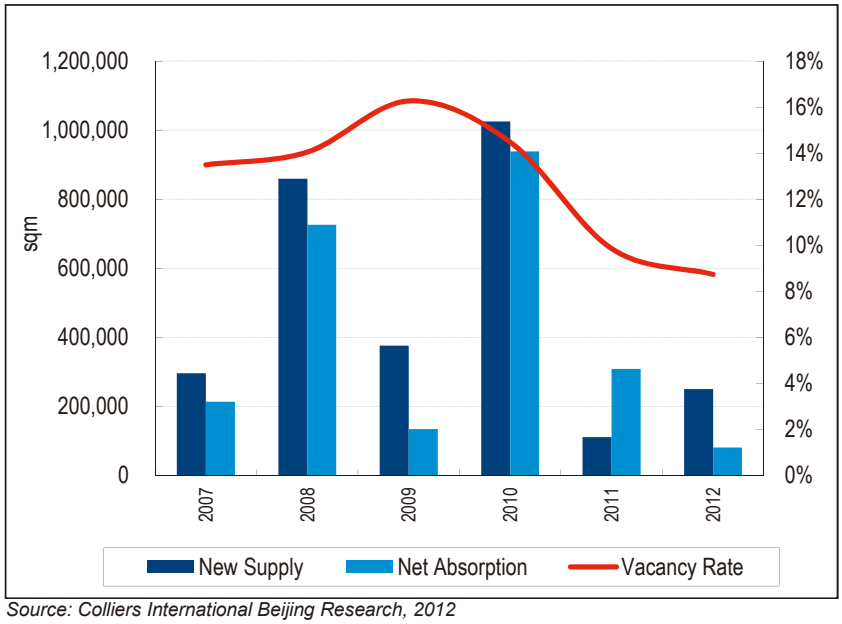
As a result, demand for good quality retail premises in mid to high end shopping centres has grown significantly, with net absorption reaching an estimated annual average of around 464,000 square metres between 2007 and 2011. The sustained demand stems primarily from the luxury, fashion, home & lifestyle, supermarket, health & beauty and F&B sectors, international department store operators, convenience stores, hypermarkets, watch & jewellery, skin-care and cosmetics trades.

Beijing's retail market enjoys a high level of international brand penetration, with many international luxury brands including Louis Vuitton, Gucci, Prada, Hermes and Burberry. Many international designer brands such as Alexander

McQueen, Vivienne Westwood, and Marc Jacobs, have opened or expanded their stores in the capital city. Meanwhile, shopping centres such as Joy City, Beijing APM, and Raffles City have attracted many youth-oriented and fast fashion brands such as H&M, Selected, Zara, Muji and Uniqlo, as well as many low to mid-end domestic brands catering to a wider spectrum of consumers.

By the end of the third quarter of 2012, the average vacancy rate of Beijing's mid to high end shopping centre was estimated at approximately 8 to 10 percent. Wangfujing, Xidan, Financial Street and Dongzhimen remained the most popular retail catchments, with their estimated vacancy rates hovering at single-digit levels of 6 percent, 1 percent, 1 percent and 1 percent, respectively.

Figure 21: New Supply, Net Absorption and Vacancy Rate (2007 to 2012)



Source: Colliers International Beijing Research, 2012

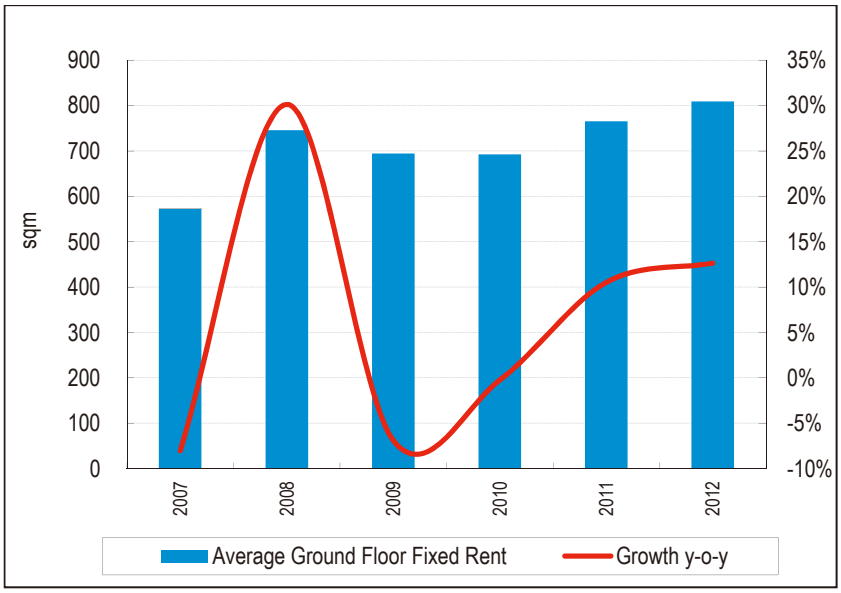
3.4.4 Beijing Prime Retail Market Rental

The average ground floor fixed rental at Beijing's mid to high end shopping centres registered a compound annual growth rate of around 7.5 percent between 2007 and 2011. It is now clear that the 2008 global financial crisis had a negative impact on retail asset performance, with the average ground floor fixed rentals slipping 6.9 percent year on year to RMB 694.3 per square metre per month in 2009.

Beijing's retail property market recovered in 2011, with average ground floor fixed rental growing to approximately RMB 765.4 per square metre per month and RMB 809.1 per square metre per month by the end of 2011 and the third quarter of 2012, respectively.

The average ground floor fixed rental in Beijing's mid to high end shopping centres ranged from around RMB 482.8 to RMB 1,803.6 per square metre per month in the third quarter of 2012. Wangfujing remained the most expensive retail submarket in Beijing while the Zhongguancun catchment ranked the least expensive.

Figure 22: Beijing Prime Retail Average Ground Floor Fixed Rental and Growth Rate (2007 to 2012)



Source: Colliers International Beijing Research, 2012

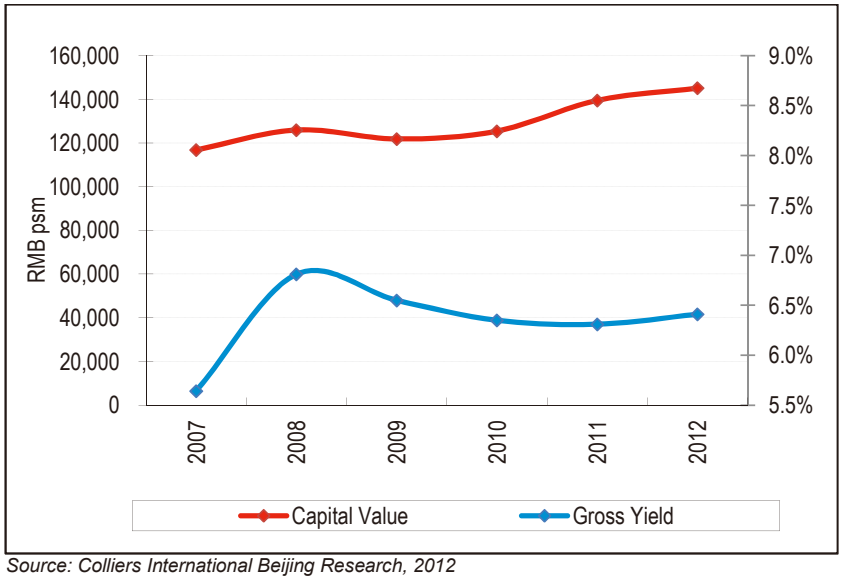
3.4.5 Beijing Prime Retail Market Investment Demand

The investment market stayed broadly stable over the last five years, with trading opportunities in Beijing's retail property market remaining thin, especially for en bloc sales. Yields for mid to high end shopping centre properties stayed largely flat.

Despite this, many overseas and domestic institutional investors continued to show strong interest in core retail assets in Beijing as part of their China

commercial property portfolios. The capital value grew by 4.5 percent compound annual growth rate over the period from 2007 to 2011. By the end of the third quarter of 2012, the average capital value of ground floor premises in Beijing's mid to high end shopping centres reached RMB 145,090.9 per square metre. Meanwhile, yields softened from around 6.3 percent in 2011 to 6.4 percent in the third quarter of 2012.

Figure 23: Beijing Prime Retail Capital Value and Gross Yield (2007 to 2012)



Source: Colliers International Beijing Research, 2012

3.4.6 Beijing Prime Retail Property Market Outlook

Beijing's retail property market will continue to grow, with a number of new projects being scheduled for launch over the next few years. While this will lead to a more diverse market landscape, emerging retail nodes and new catchments should become the main focus of any large scale future development activity.

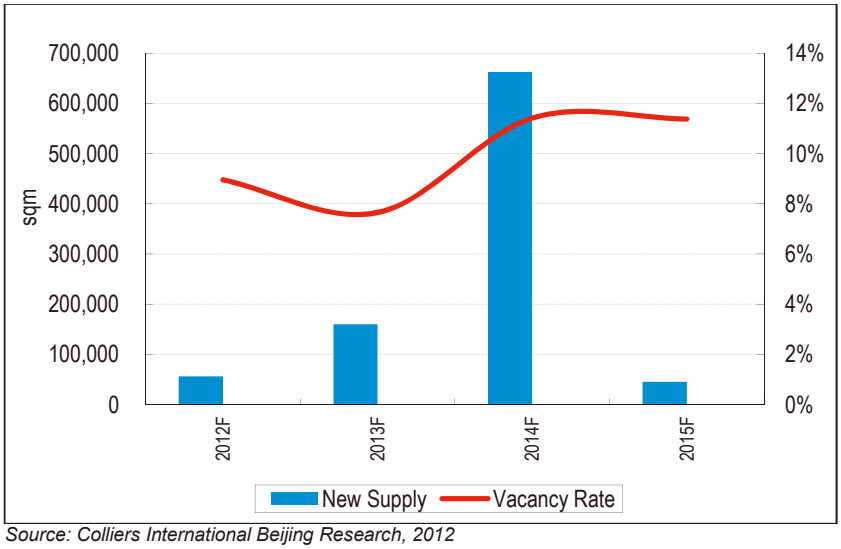
The main focus of development activity over the next three years will be in the Chaoyang and the Dongcheng District, with eight projects being planned in total, accounting for approximately 70.5 percent of the total shopping centre floor space planned for completion by the end of 2015.

The overall vacancy rate is forecast to increase in the next three years, especially in 2014, estimated to be in the range of 70percent, as approximately five mid to high end shopping centre developments are

scheduled, with a total GFA of approximately 900,000 square metres.

Overall, fashion brands will continue to show a large appetite for prime retail space in Beijing. International luxury brands should still be one of the largest demand generators in the future given their new store opening schemes and expansion plans in the locality. Meanwhile, demand from the F&B, fast fashion (selected brands only), entertainment, education, health & beauty, gift and supermarket sectors will be also on the rise.

Figure 24: Beijing Prime Retail Forecast of New Supply and Vacancy Rate (2012F to 2015f)



Source: Colliers International Beijing Research, 2012

Table 9: Beijing Prime Retail Future Supply (2012 to 2015)

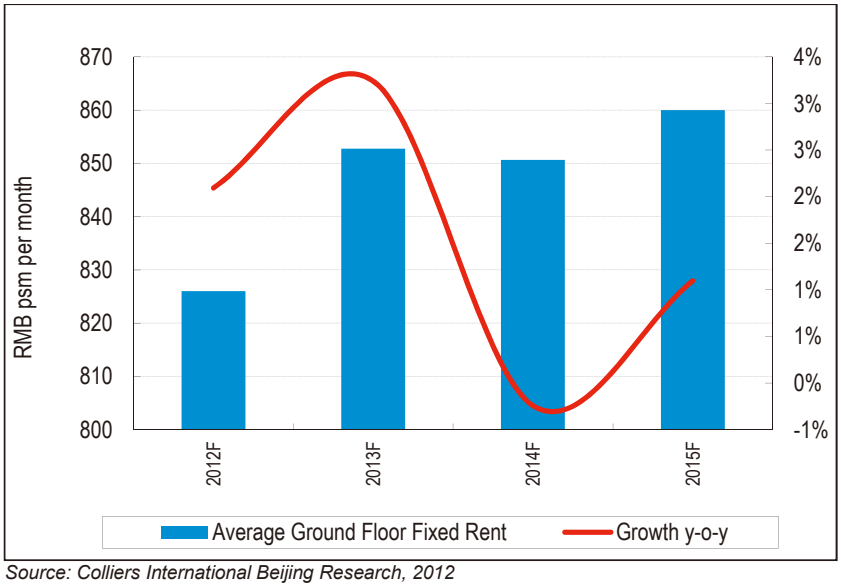
Year	Building	District	Retail GFA (sqm)	Remark
2012	Parkview Green	Chaoyang	56,000	Lease Only
	Sub-Total		**56,000**	
2013	Powerland Plaza	Haidian	62,941	Lease Only
	Kerry Centre	Chaoyang	12,000	Lease Only
	Beijing Mall	Dongcheng	85,000	Lease Only
	Sub-Total		**159,941**	
2014	Beijing International	CBD	75,000	Lease Only
	Inter IKEA Shopping	Chaoyang	200,000	Lease Only
	Guoson Mall-South	Dongcheng	68,000	Lease Only
	Guoson Mall-North	Dongcheng	160,000	Lease Only
	Metro City	Others	150,000	Lease Only
	Sub-Total		**663,000**	
2015	Tong Ying Centre	Chaoyang	20,497	Lease Only
	Emporer Project	Chaoyang	25,000	Lease Only
	Sub-Total		**45,497**	
	Total		**924,438**	

Source: Colliers International Beijing Research, 2012

The average ground floor fixed rental of Beijing's mid to high end shopping centres is expected to grow from the current level to approximately RMB 852.7 per square metre per month in 2013, and decrease marginally to RMB 850.7 per square metre per month due to the scale, locations and positioning of new supply in 2014, and back up to RMB 860.0 per square metre per month in 2015. Despite the forecasted increased vacancy, the overall trend of rental level is upward as a result of the impetus of economic development and continued growth in many established shopping centres.

Wangfujing, Xidan and Financial Street catchments are projected to enjoy sustained rental growth as effective supply in these areas remain limited and demand from international and domestic retailers for space in these catchments remains high.

Figure 25: Beijing Prime Retail Forecast of Rental (2012F to 2015F)



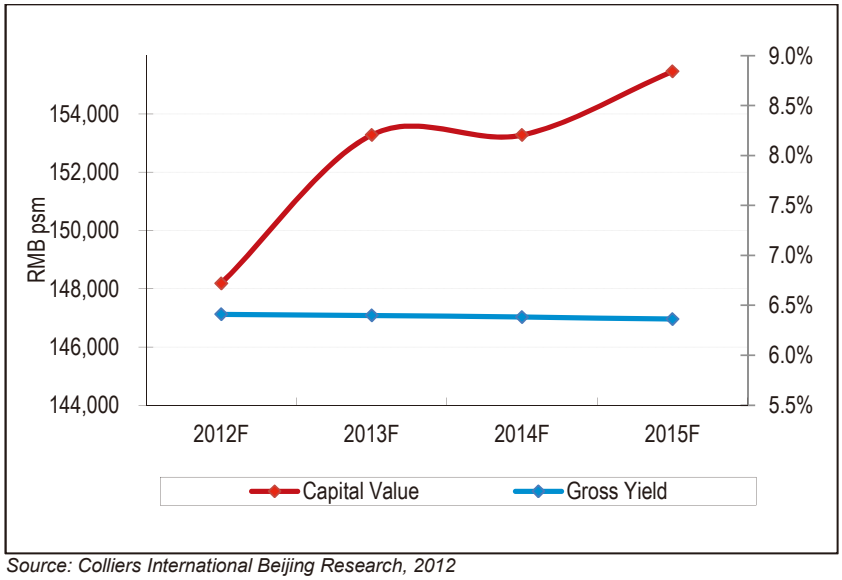
Source: Colliers International Beijing Research, 2012

The asset performance for Beijing's mid to high end shopping centres is expected to remain positive for the next three years, with the average capital value on net lettable area forecasted to reach approximately RMB 153,272.7, RMB 153,272.7 and RMB 155,454.5 per square metre in 2013, 2014 and 2015 respectively.

While rentals are expected to grow, albeit at a slower pace compared to the previous compound annual growth rate (7.5 percent from 2007 to 2011), landlords of tradable assets should maintain their high expectations on capital values.

Colliers International anticipates that investment yields in Beijing's retail property market should compress over the next three years.

Figure 26: Beijing Prime Retail Forecast of Capital Value and Gross Yield (2012F to 2015F)



Source: Colliers International Beijing Research, 2012

3.5 BEIJING MARKET OUTLOOK 2013

Grade A Office average capital values are forecast to increase over the next six months, on par with most landlords' expectations, substantiated by stabilised rental income and growing rentals in some established and mature assets. The average level of new supply per annum over the next five years will be lower than that of average net absorption over the past five years.

With this in mind, it is projected that office properties with good location and quality of construction, easy accessibility, high specifications and professional property management, such as Gateway Plaza and Phoenix Place, should continue to enjoy robust growth in both rentals and capital values.

Considering the absence of new supply and the continued growing demand in 2012, it is forecast that across the market the average vacancy rate should decrease in the remainder of 2012, and then increase in 2013, following the pace of new completions. Given the limited supply, rentals are forecast to grow at a slow pace, although many office occupiers claim that they are nearly up to their rental thresholds for office property occupation.

Average ground floor fixed rentals for Beijing's mid to high-end shopping centres is expected to grow as a result of strong demand from both

international and domestic retailers and the continued growth in rentals of many established shopping centres. It is expected that the average vacancy rate will decrease marginally, considering the pre-leasing rate of new completions in 2013. The asset performance for Beijing's mid to high-end shopping centres is forecasted to stay positive, given that the landlords of structurally tradable assets continue to maintain their high expectations on capital values.

Beijing Outlook (2013)

	Grade A Office	Prime Retail
Price	↑	↑
Rental	↑	↑
Vacancy	↑	↓

Source: Colliers International Beijing Research, 2012

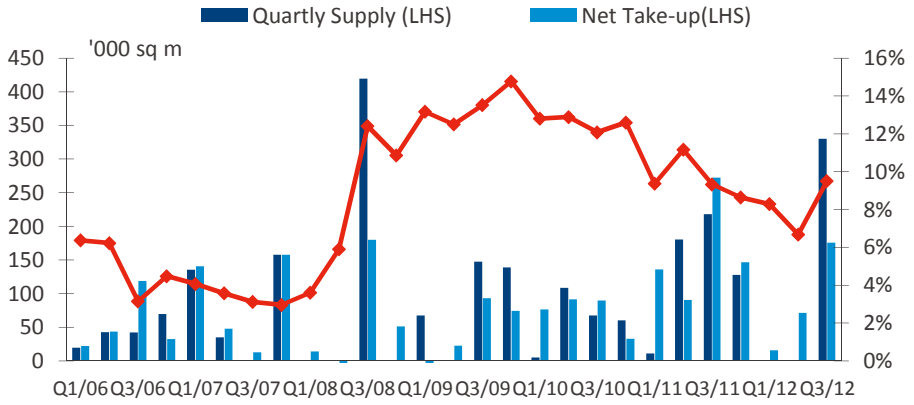
4 SHANGHAI REAL ESTATE MARKET SUMMARY

Shanghai is China's financial capital and one of the world's most dynamic cities. In September 2012, Shanghai was ranked as the world's eighth most competitive city worldwide, according to the Xinhua-Dow Jones International Financial Centres Development Index. Within the ranking, Shanghai was seventh in the Financial Market subsector, and first in the Growth and Development subsector. The city is a global leader in commerce, culture, finance, technology and transport, and its rapid rise has been a powerful driver for the recent development of the entire Yangtze River Delta region.

Shanghai has six core downtown business hubs, comprising approximately 4,756,000 square metres of high-quality office stock as of the end of the third quarter of 2012. Further office supply is located in decentralised area such as Minhang, Putuo, Hongkou and Zhabei districts.

New supply in the Grade A office market CBD over the course of 2012 will bring the total stock of Shanghai's Grade A office market to approximately 4,802,000 square metres. The new supply in the downtown area in 2012 has been quickly absorbed and 2013 will see limited new additions. Many of the prime buildings launched or scheduled to launch to the leasing market attained precommitment rates of 50 percent or more.

Figure 27: Shanghai Grade A Office Supply, Demand and Vacancy (2006 to 2012 Q3)



Source: Colliers International Shanghai (CIS) Research

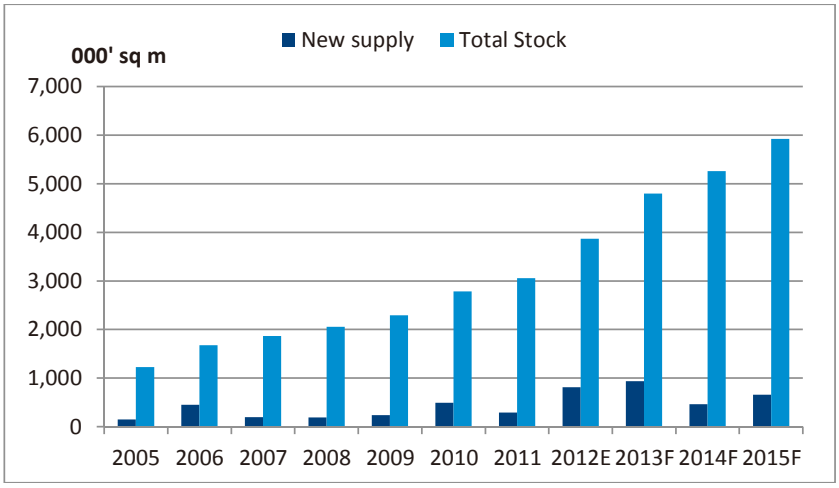
Currently, strong absorption of high quality product is supporting an increase in the average rental rate for office space in Shanghai, which reached approximately RMB 8.7 per square metre per day by the end of the third quarter of 2012.

Looking forward, growth in Shanghai's Grade A office market is likely to continue to be underpinned by the establishment, expansion and relocation demands of multinational and local companies alike, particularly from domestic financial institutions and other firms from professional service industries, as well as manufacturing firms requiring headquarters presence in the downtown areas. Colliers International expects demand for Grade A office space in Shanghai to remain strong in the first half of 2013, supported by positive preleasing momentum and limited supply.

As tenants encounter difficulties in finding large whole floors or contiguous multifloor premises in the prime area of Puxi for new or expanded offices, there has been an increase in the relocation of these companies to Pudong's central business districts and other decentralised areas. In addition, current rental levels are approximately RMB 5.1 per square metre per day on average in decentralised areas, compared to approximately RMB 8.7 per square metre seen in the CBD, a discount of approximately 41 percent. These rental savings, along with the increasing quality of buildings in the decentralised areas means we expect further expansion into decentralised areas in the future.

In the retail market, new supply of prime retail malls has averaged approximately 300,000 square metres annually. A record supply of approximately 375,382 square metres of new malls launched in the first three quarters of 2012; another 436,279 square metres of supply is scheduled to launch in the last quarter of 2012.

Figure 28: Shanghai Prime Retail Mall Supply (2005 to 2015F)



Source: Colliers International Shanghai (CIS) Research

Population growth and rising per capita disposable income are directly driving demand in Shanghai's retail market. Shanghai's population stood at around 23.47 million at the end of 2011, a growth rate of 5.7 percent on the previous year. Consumer expenditure and retail sales growth in recent years shows the increasing buying trends of Shanghai citizens' and their strong purchasing power.

Average retail rentals for ground floor premises have increased from approximately RMB 25.0 per square metre per day in 2006 to approximately RMB 39.8 square metre per day in the third quarter of 2012. In prime areas, average rental rates for ground floor space reached approximately RMB 48.1 per square metre per day, with an average annual growth of approximately 12 percent since 2006.

Developers' confidence in the long term prospects of Shanghai's retail property market is reflected in the expected launch of an estimated 685,467 square metres of new supply annually in the next three years, including International APM on Middle Huaihai Road and L'Avenue in Hongqiao's central business district.

Shanghai Outlook 2013

Shanghai's position as the primary commercial hub of mainland China will continue to attract firms seeking to either establish or expand their footprint in China, sustaining healthy demand for quality office space for the coming years. The relatively limited downtown supply will also continue to put pressure on the CBD and will cause more occupiers to consider decentralised or business park office locations.

With a reasonable number of premium properties under pre-leasing or development, and continued high levels of demand, rentals should continue to escalate in the short to medium term as vacancy rates remain low. Higher rental levels will cause more cost sensitive occupiers, without the strict need to be in prime downtown locations, to move to decentralised office areas where rentals are lower and there is more choice of high quality buildings.

In the retail market, retail demand is strong in downtown locations, although shoppers are also attracted to the increasing quality of decentralised or neighbourhood shopping locations with good accessibility. Absorption of new retail supply appears robust. Since well known and established retailers with an existing presence in Shanghai are likely to continue developing their brand in the city by pursuing a multiple location strategy, this should create further demand for good quality retail premises citywide. Rental levels seem set to grow in the downtown area and maintain existing levels across the market. In general, as the new supply is soaked up, vacancy levels are likely to increase temporarily during this period.

2013	Grade A Office	Prime Retail
Prices	→	→
Rental	↑	↑
Vacancy	→	↑

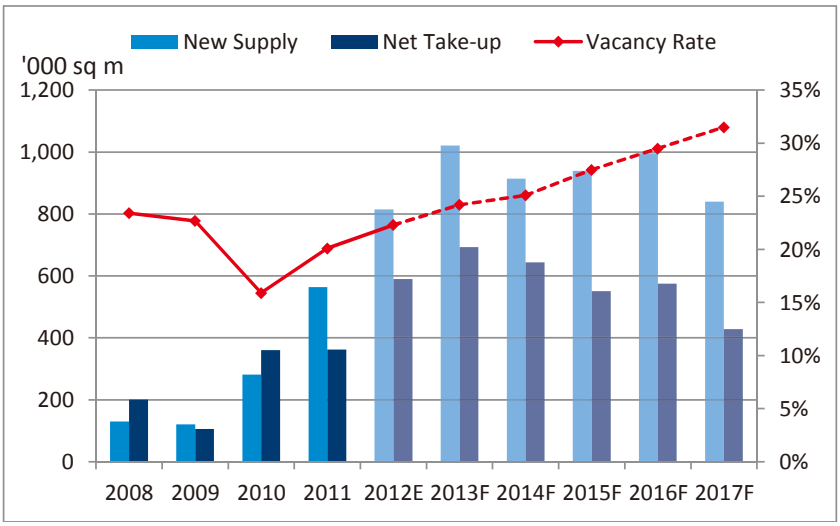
Source: Colliers International Shanghai (CIS) Research, 2012

5 GUANGZHOU REAL ESTATE MARKET SUMMARY

Guangzhou is the capital of Guangdong province, and the centre of Cantonese culture. Forbes Magazine named Guangzhou China's best city for business in 2011 for the second consecutive year. It is China's third largest city, one of the primary economic hubs of southern China, and one of the country's four first tier cities, along with Beijing, Shanghai and Shenzhen. Together, Guangzhou and Shenzhen produce 45 percent of Guangdong province's gross domestic product, the highest provincial GDP in China.

Guangzhou has traditionally been the primary business centre of South China and has a developed market for Grade A office premises. Its market will upgrade further as more office premises of greater quality are planned for the coming years.

Figure 29: Guangzhou Grade A Office Supply, Demand and Vacancy (2008 to 2017F)



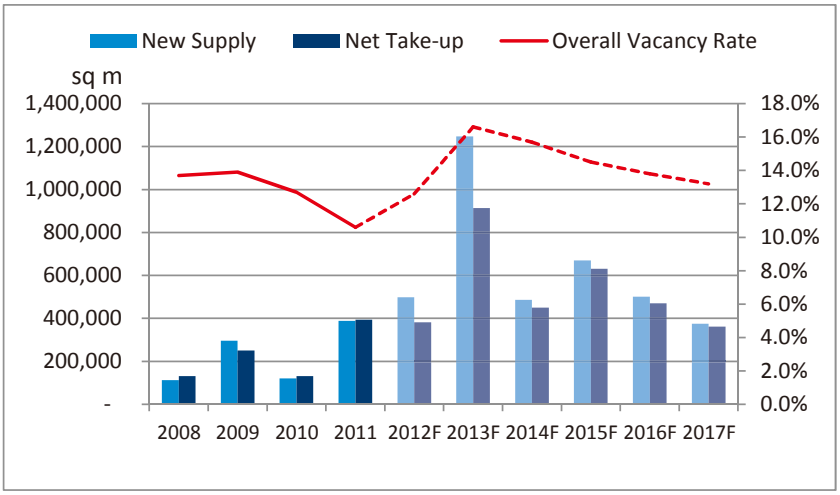
Source: Colliers International Guangzhou (CIG) Research

Rentals for high quality office premises in Guangzhou's downtown area typically range from RMB 120 to RMB 250 per square metre per month. By the third quarter of 2012, the average vacancy rate stood at 22.2 percent, the average rental at RMB 158 per square metre per month and the average sales price at RMB 32,586 per square metre (on a gross floor area basis). It is

expected that the rental rate will decrease slightly when approximately 1.24 million square metres of new office space is launched over the fourth quarter of 2012 and 2013. The majority of this new supply will be located in Tianhe district and in Pearl River New City in particular.

Compared to the Grade A office market, Guangzhou's retail market is more developed, with a variety of retail premises in urban areas such as Tianhe district, Yuexiu district, Liwan district and Haizhu district. In the third quarter of 2012, the average rental rate of Guangzhou's prime retail for ground floor units reached RMB 741 per square metre per month (on a gross floor area basis), while those in core areas like Yuexiu and Tianhe district reached levels of RMB 900 to 1,100 per square metre per month. The average vacancy rate stood at 12.3 percent.

Figure 30: Guangzhou Prime Retail Mall Market New Supply, Demand and Vacancy (2008 to 2017F)



Source: Colliers International Guangzhou (CIG) Research

Looking ahead, a total of approximately 1,592,000 square metres of new supply will be launched over the fourth quarter of 2012 and 2013, the majority of which will be located in Tianhe and Panyu districts. The overall Guangzhou vacancy rate is expected to rise in 2013 and the average rental will face downward pressure.

Guangzhou Outlook 2013

Looking forward, approximately 215,200 square metres of new Grade A office supply is scheduled for completion in the last quarter of 2012. An additional

4.7 million square metres of new supply is expected to launch between 2013 and 2017. Landlords are expected to face leasing pressure as a result of this spike in new supply. Vacancy rates are expected to increase whilst the average rental level may decrease slightly in the near future.

Considering the demand generated by the proposed economic development as outlined in the city's 12th Five Year Plan, and the fact that several new Grade A office projects in coming years will be fully or partially owner occupied, the office vacancy rate in Guangzhou in expected to rise relatively gently (one to two percent annually) despite the large volumes of future supply.

China's relatively robust domestic economy and increasing consumption power will continue to support Guangzhou's retail market, in turn attracting new domestic and foreign retailers. This development will be marked by diversification of brands and an increased number of high end projects.

The large volume of new supply in the coming years will intensify competition between both landlords and retailers. This dramatic rise of supply is likely to exert downward pressure on average rental rates and raise the vacancy rate.

Meanwhile, landlords of new projects in decentralised areas such as Panyu district are likely to offer discounted rentals to attract medium to high end brands to these areas. In downtown areas, landlords will find other ways to increase their competitiveness such as adjustments to the tenant mix. Despite the new supply, average rental rates in downtown areas are likely to remain stable, or even increase.

2013	Grade A Office	Prime Retail
Price	↑	↑
Rental	↓	↓
Vacancy	↑	↑

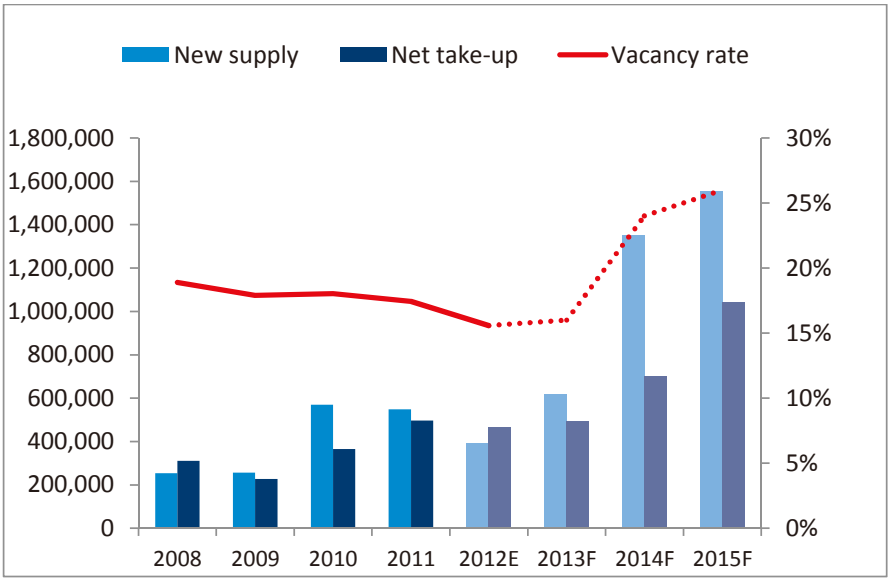
Source: Colliers International Guangzhou (CIG) Research

6 SHENZHEN REAL ESTATE MARKET SUMMARY

Shenzhen was China's first and, in many ways, its most successful Special Economic Zone. The city, which has gone from a border town of 30,000 people to a manufacturing powerhouse of more than 10 million in just three decades, is a symbol of modern China's economic reforms. Shenzhen is now in the beginning of its second stage growth, as it attempts to change its motto from "Shenzhen Speed" to "Shenzhen Quality", as the mayor has put it, by developing high tech industries and a stronger financial industry.

The Shenzhen commercial real estate market has experienced considerable development in the last ten years with a number of landmark properties being launched, including the tallest office building in Shenzhen, KingKey 100 Plaza, and the largest shopping mall in Shenzhen, the MixC Centre. The quality and management skills of commercial properties have also significantly improved. As a result of government policy control on the residential market in recent years, developers have instead focused their attention on commercial real estate, injecting significant amounts of investment into the sector.

Figure 31: Shenzhen Grade A Office Supply, Demand and Vacancy (2008 to 2015F)

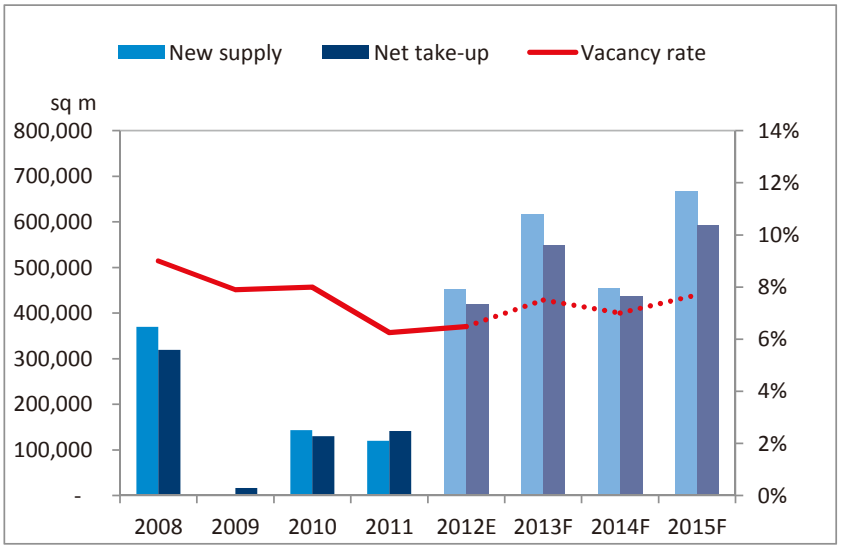


Source: Colliers International Guangzhou (CIG) Research

Since 2009, the average rental of high quality office premises in Shenzhen's downtown area has maintained an upward trend. By the third quarter of 2012, the average rental stood at RMB 177 per square metre per month. The average vacancy rate was 14.3 percent while the average sales price was RMB 44,031 per square metre.

In the retail market, Shenzhen's supply of high quality shopping malls has increased steadily in recent years, reaching approximately 1,861,000 square metres by the end of the third quarter of 2012.

Figure 32: Shenzhen Prime Retail Mall Market New Supply and Take up (2008 to 2015F)



Source: Colliers International Guangzhou (CIG) Research

At the end of the third quarter of 2012, the average rental price of high quality ground floor retail property was RMB 912 per square metre per month on a net area basis, ranging from RMB 600 to over RMB 1,000 per square metre per month, depending on the district and project. The average vacancy rate remained at a low level, reaching 6.6 percent.

Shenzhen Outlook 2013

In the next three years, the Shenzhen Grade A office market is expected to see a surge of new supply, totalling approximately 3,520,000 square metres. The large amount of new supply will exert strong upward pressure on the vacancy rate. Subsequently, the average rental rate is likely to remain relatively stable in 2013. The investment market is also expected to stay

relatively inactive while a number of investors maintain a watch and wait attitude. This is expected to prompt some landlords to lower asking prices, causing the average sales price to decrease.

From 2013 to 2015, the Shenzhen prime retail market is projected to receive new supply of approximately 1,740,000 square metres. It is expected that the vacancy rate of prime retail market will subsequently increase whilst the average rental rate decreases. The decrease in rentals is expected as more than 40 percent of the new supply will be located in decentralised areas such as Bao'an and Longgang, where rental rates are lower. The investment market is forecast to stay relatively stable in 2013 with a flat price curve.

2013	Grade A Office	Prime Retail
Price	↓	→
Rental	→	↓
Vacancy	↑	↑

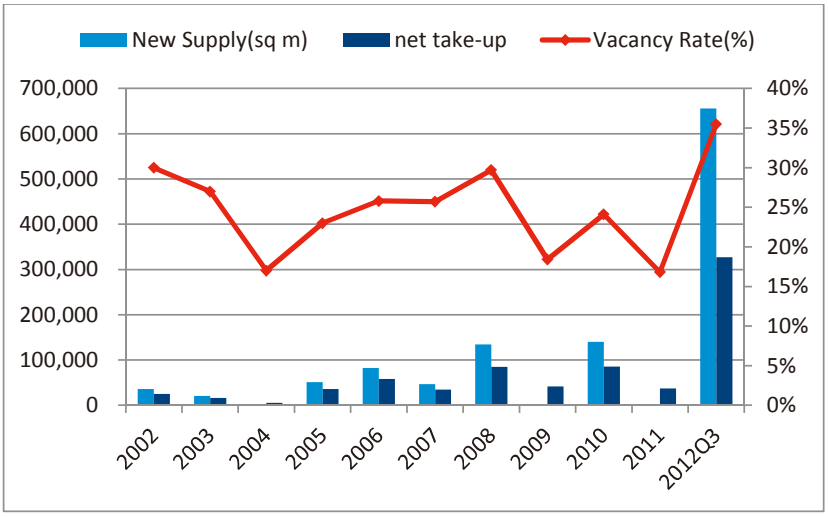
Source: Colliers International Guangzhou (CIG) Research

7 CHENGDU REAL ESTATE MARKET SUMMARY

Chengdu is the capital of China's southwestern Sichuan province, and is commonly classified as a second tier city. In recent years, central government policies to develop China's relatively less affluent western areas have greatly benefitted Chengdu, and the city's historical role as a regional political and economic hub has helped it develop at a rapid pace and set the tone for the city's continued development.

New supply in the first three quarters of 2012 indicates a new record of annual Grade A office supply in Chengdu. In each quarter, a new project entered the market, with over 200,000 square metres of new supply in total, a record in the Chengdu Grade A office market in recent years. The average rental for Grade A office in Chengdu is approximately RMB 4.6 per square metre per day as of the end of the third quarter of 2012.

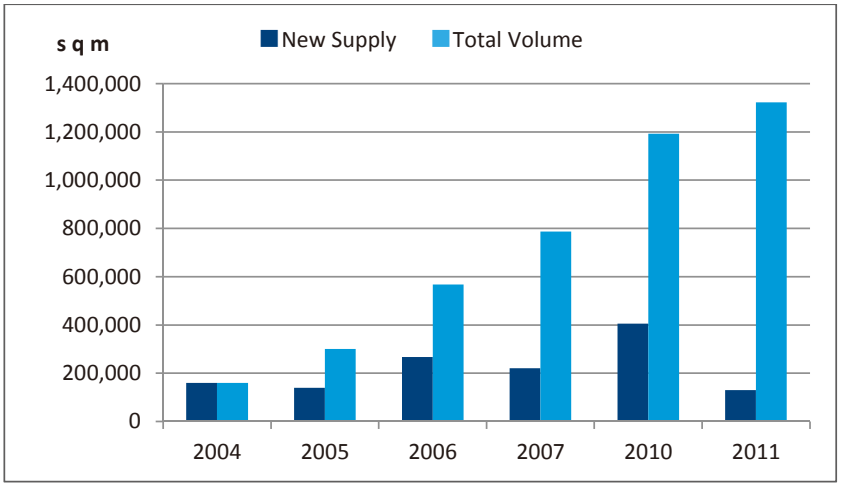
Figure 33: Chengdu Grade A Office Supply, Demand and Vacancy (2002 to 2012 Q3)



Source: Colliers International Chengdu (CIC) Research

New retail supply has increased steadily in recent years. New supply of prime retail malls has averaged approximately 170,000 square metres annually, spiking in 2010, when approximately 405,000 square metres entered the market.

Figure 34: Chengdu Supply & Stock of Shopping Malls (2005 to 2011)



Source: Colliers International Chengdu (CIC) Research

The average rental price of ground floor high quality shopping centres is approximately RMB 13 per square metre per day as of the end of the third quarter of 2012. The market will continue to see significant levels of high quality supply in 2013 with approximately 1.28 million square metres scheduled for launch.

Chengdu Outlook 2013

Looking ahead to 2013, there is the possibility of further, albeit gentle, appreciation of rentals in the office sector supported by sustained demand and a high quality new supply in Chengdu's Tianfu New Town area in 2013.

Although a significant amount of Grade A office supply, approximately 2.5 million square metres, is anticipated for launch between 2013 and 2015, new projects in central locations, with improved transportation connections and high quality facilities are expected to see both strong absorption and increased rental levels.

Chengdu is in a leading position for retail industry development in Western China. Currently, Chengdu has three primary and seven secondary retail areas. With its rapid growth, the Chengdu retail market has been exhibiting an expansion trend from downtown to the area within the Second and Third Ring Roads. New projects are mainly located within the Third Ring Road, and are also expanding to the southern part of Chengdu.

As the Chengdu market continues to mature, modern shopping mall formats are very likely to dominate department store formats. The increased specification of new projects should attract higher profile and international brands to the market.

Retailers, both new and existing brands, continue to show a strong expansion trend. The existing retailers continue to develop their brands in the city by pursuing a multiple location strategy, creating further demand. New supply in Chengdu suggests that this retailer demand will be met with new construction. As a number of retail projects with significant floor areas will enter the market in a short period of time, rental growth will be constrained. However, projects located in developing areas, with accurate positioning and promotion strategies, are likely to benefit from growth.

2013	Grade A Office	Prime Retail
Price	↑	↑
Rental	↑	→
Vacancy	↑	↑

Source: Colliers International Chengdu (CIC) Research

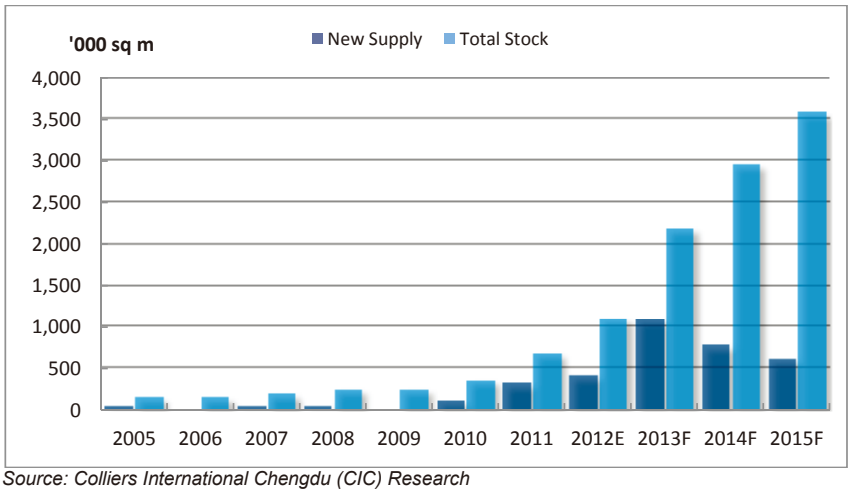
8 CHONGQING REAL ESTATE MARKET SUMMARY

Chongqing is a major city in southwestern China. The city's total area is roughly equivalent to the size of Austria; by population, it is equivalent to Malaysia. In recent years, central government policies to develop China's relatively less affluent western areas have greatly benefitted Chongqing, which is considered to be a second-tier city. In summer 2012, The Economist ranked Chongqing among 13 emerging Chinese 'megacities'.

Chongqing has two primary central business districts (Jiefangbei and Jiangbeizui) and two other core areas (Jiangbei and Hualongqiao). As at the end of the third quarter of 2012, the combined gross floor area of these hubs was approximately 1,051,922 square meters of Grade A office stock.

Cumulative absorption of office premises between the first to third quarters of 2012 totalled a gross floor area of approximately 269,265 square meters. The estimated vacancy rate stood at approximately 39 percent at the end of the third quarter. Average rental rates for Grade A office premises in Chongqing's downtown areas grew from RMB 2.8 in the first quarter of 2012 to RMB 3.0 per square meter per day in the third quarter of 2012. It is estimated that rentals may reach an average of RMB 3.3 per square meter per day in 2013.

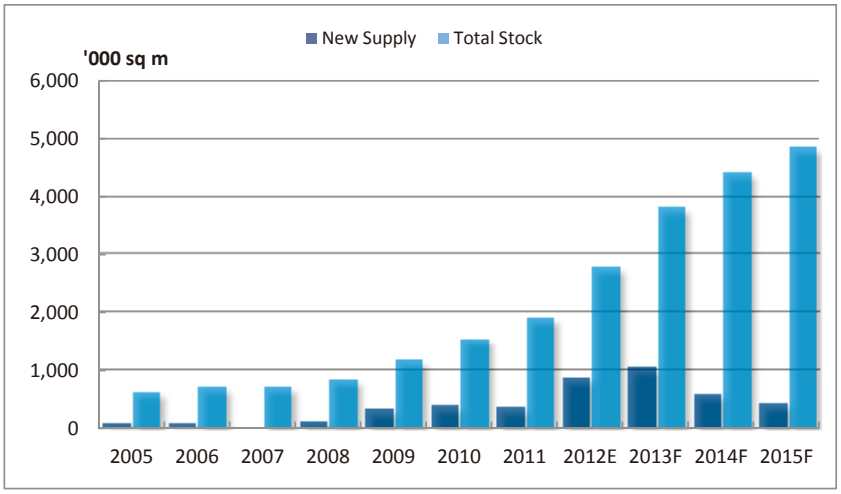
Figure 35: Chongqing Grade A Office Supply (2005 to 2015)



Source: Colliers International Chengdu (CIC) Research

Two new retail mall projects added a total gross floor area of approximately 220,000 square metres of retail space to Chongqing's market in the third quarter of 2012, bringing the city's prime retail stock to total a gross floor area of around 2.34 million square meters.

Figure 36: Chongqing Prime Retail Mall Supply (2005 to 2015)



Source: Colliers International Chengdu (CIC) Research

The average price for ground floor premises in Chongqing's shopping malls on a net floor area basis averaged approximately RMB 20.9 per square meter per day as at the end of the third quarter of 2012. The average ground floor rental decreased from the previous year's RMB 25.3 per square meter (net) per day as a number of new projects were launched with lower than average rental levels.

Chongqing Outlook 2013

Chongqing's Grade A office market will see an effective new supply (not including those buildings solely for owner occupation) of approximately 2,471,188 square meters launch over the next three years from 2013, peaking in 2013 as an annual supply of approximately 1,089,700 square metres is scheduled to launch to the market. The improved quality and specification of future supply should bring corresponding rises in rental and sales prices despite the high levels of supply.

The large amount of new supply planned for 2013 will exert upward pressure on vacancy rates, which are expected to fluctuate as the market absorbs the new supply.

In the retail market, continued growth of the purchasing power of the city's residents and Chongqing's massive population will continue to attract both international and domestic retailers, in turn supporting high levels of activity from commercial real estate developers.

As the market matures, Chongqing's consumers will likely follow the pattern of other Chinese cities, where shoppers demand more variety. This will in turn drive higher building and management standards from developers seeking to attract such retailers, further supporting a rise in rentals, and this seems likely to continue as the city's economy experiences further growth.

2013	Grade A Office	Prime Retail
Price	↑	↑
Rental	↗	↗
Vacancy	↑	↑

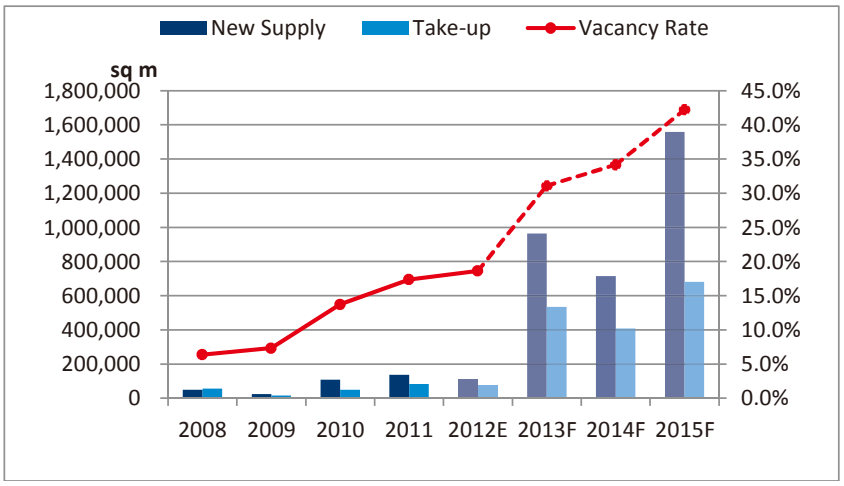
Source: Colliers International Chengdu (CIC) Research

9 FOSHAN REAL ESTATE MARKET SUMMARY

Foshan is a second tier city in central Guangdong province. Over the last 20 years, the city has regained its reputation as an export powerhouse, and used its proximity to Guangzhou to become one of the most prosperous cities in mainland China. Foshan's GDP in 2011 ranked third in Guangdong province (behind Guangzhou and Shenzhen), and the 11th highest in all of China, growing 12.1 percent to RMB 658 billion. Fixed asset investment grew by 16.2 percent to RMB 194 billion.

The Foshan office market has traditionally lacked high quality office premises matching the standards in Guangzhou or Shenzhen, though rapid development in the office market has been seen since 2010. During the third quarter of 2012, rental in Foshan's high quality office premises reached an average of RMB 52 per square metre per month, with a typical range of RMB 35 to 75 per square metre per month. The average sales price reached RMB 14,463 per square metre for the same period. Despite stable demand in Foshan, approximately 3.3 million square metres of new supply is expected to be launched between the fourth quarter of 2012 and 2015, which is likely to push up the office market's vacancy rate.

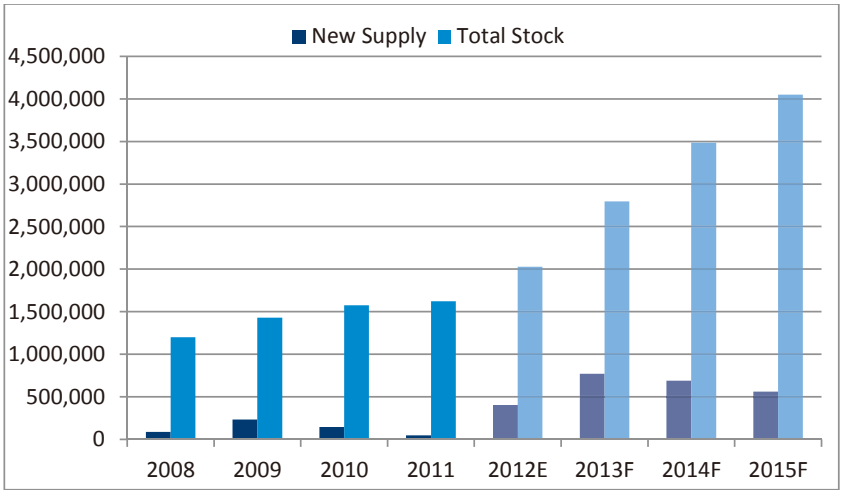
Figure 37: Foshan High Quality Office Supply, Demand and Vacancy (2009 to 2015F)



Source: Colliers International Guangzhou (CIG) Research

Foshan's retail market has developed steadily since 2005, and has undertaken significant upgrading in recent years. Retail premises in traditional retail hubs are below the standard of Guangzhou, but some newly developed projects have improved infrastructure and quality and have succeeded in attracting larger numbers of branded retailers.

Figure 38: Foshan Prime Retail Mall Supply (2008 to 2015F)



Source: Colliers International Guangzhou (CIG) Research

As at the end of the third quarter of 2012, the average ground floor rental for Foshan's prime retail premises stood at around RMB 282 per square metre per month, ranging from RMB 200 to 500 per square metre per month by district and project. Strong leasing demand from various retailers supported the market and an average vacancy rate of 11.0 percent was recorded during the third quarter of 2012.

Foshan Outlook 2013

In general, the Foshan real estate market is experiencing significant developments. With large new supply of quality office and retail planned for launch in the coming years, Foshan seems set to become more competitive among the cities of the Pearl River Delta.

Currently, the secondary industry sector still stands out as the pillar industry of Foshan's economy, accounting for around 64 percent of the city's 2011 GDP. As the city upgrades its economic structure and develops stronger insurance, real estate and other professional services sectors, demand in the office

market should grow accordingly. Favourable government finance and tax policies are likely to attract large enterprises, supporting future demand for prime office space.

Looking forward, approximately 2.0 million square metres of new supply is projected to launch between 2013 and 2015, which is expected to bring higher quality projects and better facilities. As a result, it is also expected that existing shopping centre owners will strive to reposition and adapt their tenant mix to improve competitiveness in the market.

The vacancy rate across a variety of real estate sectors may face upwards pressure in the future. However, favourable factors, including the integration of Guangzhou and Foshan and the industrial evolution and transformation of Foshan should create opportunities for Foshan's commercial property markets by driving solid demand. Looking ahead, leasing demand as well as investment demand for office and retail should continue to see an upwards growth trend.

2013	Grade A Office	Prime Retail
Price	↑	↑
Rental	↑	↑
Vacancy	↑	↑

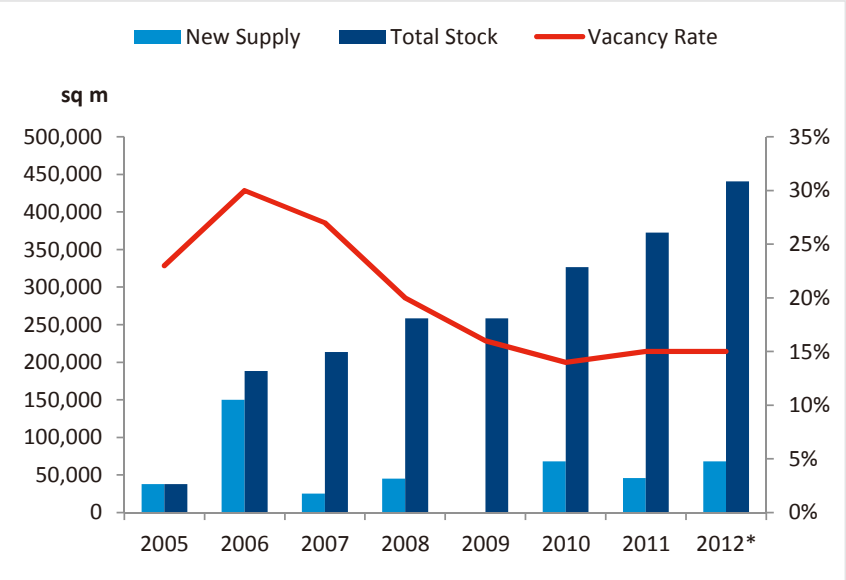
Source: Colliers International Guangzhou (CIG) Research

10 XI'AN REAL ESTATE MARKET SUMMARY

Xi'an is the capital of Shaanxi province. Once the eastern end of the Silk Road and one of China's Four Ancient Capitals, it is now a quickly developing second tier city and home to many high tech industries.

Xi'an's total Grade A office stock is currently approximately 500,000 square metres, and except for the year 2009 when no buildings were released, there has typically only been one office building released to the market every year. It is estimated that in excess of 30 percent of property owners purchase properties for their own use and therefore effective stock on a leasehold basis or available for lease is estimated to total around 350,000 square metres.

Figure 39: Xi'an Grade A Office Supply (2005 to 2012F)



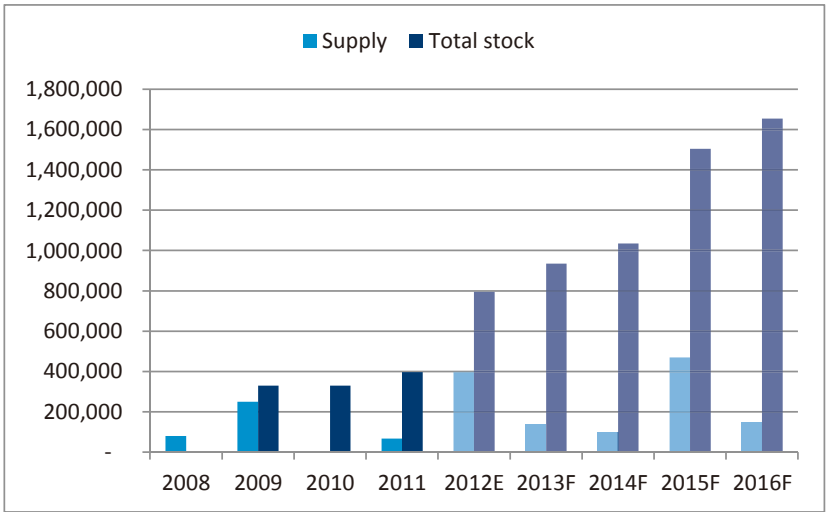
Source: Colliers International Shanghai (CIS) Research

Rentals for high quality office premises in Xi'an typically range from RMB 75 to 135 per square metre per month, while sales prices for Grade A office accommodation are generally in the range of RMB 14,000 to 18,000 per square metre. The current market demand for high quality office premises exceeds current levels of supply, and as such, market rentals are estimated to increase by approximately 2 to 4 percent annually.

Vacancy rates fell to approximately 7 percent by the end of the first half of 2012, but are expected to increase in the coming three years as new supply launches. Future demand is likely to be supported by government plans (as outlined in Xi'an's 12th Five Year Plan) to attract an increased number of companies from high technology sectors such as energy conservation, environmental protection, advanced IT, biotech, aerospace, automobiles, and new energy.

In the retail market, the first true retail mall appeared in Xi'an in 2008 (Wanda Plaza Lijia Cun), and there has been limited additional supply in recent years. The total retail mall stock at the end of the third quarter of 2012 is estimated at approximately 640,000 square metres, reaching approximately 800,000 square metres by the end of the year.

Figure 40: Xi'an Prime Retail Mall Supply (2008 to 2016F)



Source: Colliers International Shanghai (CIS) Research

Average rental levels for ground floor retail space vary widely depending on location (even within the same catchment), ranging from RMB 70 to 750 per square metre per month on a gross floor area basis.

Xi'an Outlook 2013

In the next four years, there will be approximately 800,000 square metres of Grade A office space coming onto the market in Xi'an. A significant amount of

the new supply is located in the High Tech Zone, which will account for approximately 46 percent of the total future supply in the next four years.

Due to strong economic growth opportunities of the city, rental and sales prices for Grade A office accommodation are expected to appreciate over the short term, but prices may level off from 2015 when approximately 690,000 square metres of new supply launch.

In the retail market, department stores and street front shops still dominate market supply in Xi'an. However, local Xi'an consumers are becoming increasingly familiar with shopping mall formats and more malls are planned for the city.

Demand for shopping malls is strong, with typical vacancy rates relatively low as an increasing number of brands are keen to enter the market. In the retail market, annual rental increases are estimated at between 5 to 8 percent for both street front shops and shopping malls. Retail demand continues to remain high and vacancies are expected to remain stable in light of this.

2013	Office	Retail
Prices	↑	→
Rental	↑	↑
Vacancy	→	→

Source: Colliers International Shanghai (CIS) Research

NB: The market information contained within this report was collected in September 2012 and is believed to have been correct at that point in time.

APPENDIX 1 - CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

(a) Is by its nature confidential.
(b) Is designed by Us as confidential.
(c) You know or ought to know is confidential.
(d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'**Fee**' means the amount agreed to be paid for the Services as set out in the Quotation.

'**Parties**' means You or Us as the context dictates.

'**Quotation**' means the written quote provided by Us in relation to the Services.

'**Services**' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'**The Property**' means the assets which are subject of our appointment as your advisor.

'**We**', '**Us**', '**Our**', '**Colliers**' means Colliers International Limited.

'**You**', '**Your**', '**Client**' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'**Professional Property Practice Standards**' refers to RICS Valuation and Appraisal Handbook, or appropriate standards.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

(a) The Terms and Conditions contained herein; or
(b) As specifically instructed by You for the purpose of the Services; and
(c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed,

occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made; no detailed on site measurements have been taken.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We have not undertaken a detailed inspection of any plant and equipment or obtained advice on its condition or suitability.

3.10 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.11 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.

4.2 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

5. BUILDING AREAS AND LETTABLE AREAS

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional

Property Practice Standards.

5.2 If you do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.

5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

6.1 Unless otherwise notified by You, We will assume:

(a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.

(b) All licences and permits can be renewed and We have not made any enquires in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.

6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report.

6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.

7. VALUATION FOR FIRST MORTGAGE SECURITY

7.1 Where the Services are provided for mortgage purposes, You agree that You will not use the valuation report where the property:

(a) Is used as security other than by first registered mortgage;

(b) Is used as part of a group of securities (except where the property forms part of a trust); or

(c) Is used as security for more than one loan.

7.2 We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:

(a) The proposed assignee is not a major recognised lending institution (such as a major bank);

(b) The assignment is sought in excess of 3 months after the date of valuation;

(c) We consider that there has been a change in conditions which may have a material impact on the value of the property.

(d) The proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at Clause 7.1); or

(e) Our fee has not been paid in full.

7.3 Where we decline to provide an assignment on either of the basis at 7.2(b) or (c), we may be prepared to provide an updated valuation on terms to be agreed at that time.

7.4 In the event that You request Us to assign Our valuation and We agree to do so, You authorize Us to provide to the assignee a copy of these Terms and Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.

8. ESTIMATED SELLING PRICE

8.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:

(a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.

(b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.

(c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

8.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

9. CURRENCY OF VALUATION

9.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.

9.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

9.3 Without limiting the generality of 9.2, You should not rely upon Our valuation:

(a) After the expiry of 3 months from the Currency Date;

(b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

10. MARKET PROJECTIONS

10.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

10.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

10.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parametres that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parametres.

11. YOUR OBLIGATIONS

11.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.

11.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.

11.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).

11.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided that You shall provide any such recipient with a copy of these Terms and Conditions.

11.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;

(a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or

(b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.

11.6 If You release any part of the valuation advice or its substance without written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation.

12. CONFIDENTIALITY

12.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose outlined in Our agreement for internal reference purposes, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written

approval of the form and context in which it may appear.

12.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

12.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

12.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

13. PRIVACY

13.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

14. SUBCONTRACTING

14.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

15. LIMITATION OF COLLIERS LIABILITY

15.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

15.2 All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

15.3 Colliers International, or any employee of Ours shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

15.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.

16. ENTIRE AGREEMENT

16.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.

16.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

CONTACT DETAILS

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TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE

Applications are invited for the subscription of the Units at the Offering Price per Unit on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Offering and which forms part of the prospectus (the "**Application Forms**") or, as the case may be, the Electronic Applications (as defined below).

Investors applying for the Units in the Offering by way of Application Forms or Electronic Applications are required to pay in Singapore dollars, the Offering Price per Unit, subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

(1) **Your application must be made in lots of 1,000 Units or integral multiples thereof. Your application for any other number of Units will be rejected.**

(2) You may apply for the Units only during the period commencing at 9.00 a.m. on 28 February 2013 and expiring at 12.00 noon on 5 March 2013. The Offering period may be extended or shortened to such date and/or time as the Manager may agree with the Joint Global Coordinators, subject to all applicable laws and regulations and the rules of the SGX-ST.

(3) (a) Your application for the Units offered in the Public Offer (the "**Public Offer Units**"), other than the Reserved Units, may be made by way of the printed **WHITE** Public Offer Units Application Forms or by way of Automated Teller Machines ("**ATM**") belonging to the Participating Banks ("**ATM Electronic Applications**"), the Internet Banking ("**IB**") website of the relevant Participating Banks ("**Internet Electronic Applications**") or the DBS Bank Ltd. ("**DBS Bank**") mobile banking interface ("**mBanking Applications**", which together with the ATM Electronic Applications and Internet Electronic Applications, shall be referred to as "**Electronic Applications**").

(b) Your application for the Units offered in the Placement Tranche (the "**Placement Units**") may be made by way of the printed **BLUE** Placement Units Application Forms (or in such other manner as the Joint Global Coordinators may in their absolute discretion deem appropriate).

(c) Should you be eligible, your application for the Reserved Units may only be made by way of the printed **PINK** Reserved Units Application Forms.

(4) **You may use up to 35.0 per cent. of your CPF Investible Savings ("CPF Funds") to apply for the Units under the Public Offer**. Approval has been obtained from the Central Provident Fund Board ("**CPF Board**") for the use of such CPF Funds pursuant to the Central Provident Fund (Investment Schemes) Regulations, as may be amended from time to time, for the subscription of the Units. You may also use up to 35.0 per cent. of your CPF Funds for the purchase of the Units in the secondary market.

(5) If you are using CPF Funds to apply for the Units, you must have a CPF Investment Account maintained with a CPF agent bank (i.e. DBS Bank, Oversea-Chinese Banking Corporation Limited or United Overseas Bank Limited) (the "**CPF Agent Bank**"). You do not need to instruct the CPF Board to transfer CPF Funds from your CPF Ordinary Account to your CPF

Investment Account. The use of CPF Funds to apply for the Units is further subject to the terms and conditions set out in the section on "Terms and Conditions for Use of CPF Funds" on pages I-24 and I-25 of this Prospectus.

(6) Only one application may be made for the benefit of one person for the Public Offer Units in his own name. Multiple applications for the Public Offer Units will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.

You may not submit multiple applications for the Public Offer Units (other than the Reserved Units) via the Public Offer Units Application Form, or Electronic Applications. A person who is submitting an application for the Public Offer Units (other than the Reserved Units) by way of the Public Offer Units Application Form may not submit another application for the Public Offer Units (other than the Reserved Units) by way of Electronic Applications and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Units (other than the Reserved Units) in his own name should not submit any other applications for the Public Offer Units (other than the Reserved Units), whether on a printed Application Form or by way of Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Units (other than the Reserved Units) shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

(7) **Multiple applications may be made in the case of applications by any person for (i) the Placement Units only (via Placement Units Application Forms or such other form of application as the Joint Global Coordinators may in their absolute discretion deem appropriate) or (ii) the Placement Units together with a single application for the Public Offer Units (other than the Reserved Units).**

Multiple applications may also be made by any person entitled to apply for the Reserved Units, in respect of a single application for the Reserved Units and (i) a single application for the Public Offer Units (other than the Reserved Units), or (ii) a single or multiple application(s) for the Placement Units (whether via the Placement Units Application Forms or in such other manner as the Joint Global Coordinators may in their absolute discretion deem appropriate) or (iii) both (i) and (ii).

(8) Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.

(9) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.

(10) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 11 below.

(11) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

(12) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with the CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.

(13) Subject to paragraphs 16 and 17 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("**NRIC**") or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with the CDP, your application shall be rejected.

(14) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**

(15) This Prospectus and its accompanying documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Without limiting the generality of the foregoing, neither this Prospectus and its accompanying documents (including the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer of securities for sale into the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. The Units are being offered and sold outside the United States (including

institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

The Manager reserves the right to reject any application for Units where the Manager believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Units unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

(16) The Manager reserves the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface ("**mBanking Interface**") of DBS Bank) or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

(17) The Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of the Manager, each of the Joint Global Coordinators as agents of the Manager, has been authorised to accept, for and on behalf of the Manager, such other forms of application as the Joint Global Coordinators may, in consultation with the Manager, deem appropriate.

(18) The Manager reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Manager, nor any of the Joint Global Coordinators will entertain any enquiry and/or correspondence on the decision of the Manager. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Global Coordinators may, in consultation with the Manager, deem appropriate. In deciding the basis of allocation, the Manager, in consultation with the Joint Global Coordinators, will give due consideration to the desirability of allocating the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

(19) In the event that the Manager lodges a supplementary or replacement prospectus ("**Relevant Document**") pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Offering, and the Units have not been issued, the Manager will (as required by law) at the Manager's sole and absolute discretion either:

(a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(b) within seven days of the lodgment of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

(c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 19(a) and (b) above to withdraw his application shall, within 14 days from the date of lodgment of the Relevant Document, notify the Manager whereupon the Manager shall, within seven days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom).

In the event that the Units have already been issued at the time of the lodgment of the Relevant Document but trading has not commenced, the Manager will (as required by law) either:

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Manager the Units which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(ii) within seven days from the lodgment of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Units which you do not wish to retain title in; or

(iii) deem the issue as void and refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 19(i) and (ii) above to return the Units issued to him shall, within 14 days from the date of lodgment of the Relevant Document, notify the Manager of this and return all documents, if any, purporting to be evidence of title of those Units, whereupon the Manager shall, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Units without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Units issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgment of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

(20) The Units may be reallocated between the Placement Tranche and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other at the discretion of the Joint Global Coordinators, in consultation with the Manager subject to any applicable laws.

(21) There will not be any physical security certificates representing the Units. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Units, a statement of account stating that your Securities Account has been credited with the number of Units allocated to you. This will be the only acknowledgement of application monies received and

is not an acknowledgement by the Manager. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Units allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

(22) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Units allocated to you pursuant to your application, to the Manager, the Joint Global Coordinators and any other parties so authorised by CDP, the Manager and/or the Joint Global Coordinators.

(23) Any reference to "you" or the "Applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Units by way of an Application Form or by way of Electronic Application or by such other manner as the Joint Global Coordinators may, in their absolute discretion, deem appropriate.

(24) By completing and delivering an Application Form and, in the case of: (i) an ATM Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM, (ii) in the case of an Internet Electronic Application, by clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other button on the IB website screen, or (iii) in the case of an mBanking Application, by transmitting "Submit" or "Continue" or "Yes" or "Confirm" or any other icon via the mBanking Interface in accordance with the provisions herein, you:

(a) irrevocably agree and undertake to purchase the number of Units specified in your application (or such smaller number for which the application is accepted) at the Offering Price and agree that you will accept such number of Units as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and its accompanying documents (including the Application Forms) and the Trust Deed;

(b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Form) and those set out in the IB websites, mBanking Interface or ATMs of the relevant Participating Banks, the terms and conditions set out in the Prospectus and its accompanying documents (including the Application Forms) shall prevail;

(c) in the case of an application by way of a Public Offer Units Application Form or an Electronic Application, agree that the Offering Price for the Public Offer Units applied for is due and payable to the Manager upon application;

(d) in the case of an application by way of a Placement Units Application Form or such other forms of application as the Joint Global Coordinators may in their absolute discretion deem appropriate, agree that the Offering Price for the Placement Units applied for is due and payable to the Manager upon application;

(e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Manager in determining whether to accept your application and/or whether to allocate any Units to you;

(f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Manager nor any of the Joint Global Coordinators will infringe any such laws as a result of the acceptance of your application;

(g) agree and confirm that you are outside the United States; and

(h) understand that the Units have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. There will be no public offer of the Units in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

(25) Acceptance of applications will be conditional upon, among others, the Manager being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for the quotation of all of the (i) Units comprised in the Offering, (ii) Sponsor Units, (iii) Cornerstone Units, (iv) Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees and (v) Units which may be issued to the Property Manager from time to time in full or part payment of the Property Manager's fees on the Main Board of the SGX-ST;

(b) the Underwriting Agreement, referred to in the section on "Plan of Distribution" in this Prospectus, has become unconditional and has not been terminated; and

(c) the Authority has not served a stop order which directs that no or no further Units to which this Prospectus relates be allotted or issued ("**Stop Order**"). The Securities and Futures Act provides that the Authority shall not serve a Stop Order if all the Units have been issued, sold, and listed for quotation on the SGX-ST and trading in them has commenced.

(26) In the event that a Stop Order in respect of the Units is served by the Authority or other competent authority, and:

(a) the Units have not been issued (as required by law), all applications shall be deemed to be withdrawn and cancelled and the Manager shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

(b) if the Units have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and the Manager shall refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

(27) In the event that an interim Stop Order in respect of the Units is served by the Authority or other competent authority, no Units shall be issued to you until the Authority revokes the interim Stop Order. The Authority is not able to serve a Stop Order in respect of the Units if the Units have been issued and listed on the SGX-ST and trading in them has commenced.

(28) Additional terms and conditions for applications by way of Application Forms are set out in the section "Additional Terms and Conditions for Applications using Printed Application Forms" on pages I-8 to I-13 of this Prospectus.

(29) Additional terms and conditions for applications by way of Electronic Applications are set out in the section "Additional Terms and Conditions for Electronic Applications" on pages I-13 to I-24 of this Prospectus.

(30) All payments in respect of any application for Public Offer Units, and all refunds where (a) an application is rejected or accepted in part only or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(31) All payments in respect of any application for Placement Units, and all refunds where (a) an application is rejected or accepted in part only or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(32) All payments in respect of any application for Reserved Units, and all refunds where (a) an application is rejected or accepted in part only or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(33) No application will be held in reserve.

(34) This Prospectus is dated 27 February 2013. No Units shall be allotted or allocated on the basis of this Prospectus later than 12 months after the date of this Prospectus.

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out under the section entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages I-1 and I-25 of this Prospectus and the Trust Deed.

(1) Applications for the Public Offer Units (other than the Reserved Units) must be made using the printed **WHITE** Public Offer Units Application Forms and printed **WHITE** official envelopes "A" and "B", accompanying and forming part of this Prospectus.

    Applications for the Placement Units must be made using the printed **BLUE** Placement Units Application Forms (or in such manner as the Joint Global Coordinators may in their absolute discretion deem appropriate), accompanying and forming part of this Prospectus.

    Application for the Reserved Units must be made using the printed **PINK** Reserved Units Application Forms, accompany and forming part of this Prospectus.

    Without prejudice to the rights of the Manager and the Joint Global Coordinators, the Joint Global Coordinators, as agents of the Manager, have been authorised to accept, for and on behalf of the Manager, such other forms of application, as the Joint Global Coordinators may (in consultation with the Manager) deem appropriate.

    Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **The Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus (or, in the case of applications for the Placement Units, followed) which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

(2) You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.

(3) You must complete all spaces in your Application Forms except those under the heading "**FOR OFFICIAL USE ONLY"** and you must write the words "**NOT APPLICABLE"** or "**N.A."** in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with MGCCT's Unit Registrar. The Manager reserves the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Units is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.

(7) You may apply and make payment for your application for the Units in Singapore currency in the following manner:

(a) **Cash only –** You may apply for the Units using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price, in respect of the number of Units applied for. The remittance must in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**MGCCT UNIT ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No

combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected.

(b) **CPF Funds only –** You may apply for the Units using only CPF Funds. Each application must be accompanied by a remittance in Singapore currency for the full amount payable at the Offering Price, in respect of the number of Units applied for. The remittance must be in the form of a **CPF CASHIER'S ORDER** (available for purchase at the CPF Agent Bank with which you maintain your CPF Investment Account), made out in favour of "**MGCCT UNIT ISSUE ACCOUNT**" with your name, Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. For additional terms and conditions governing the use of CPF Funds, please refer to pages I-24 and I-25 of this Prospectus.

(c) **Cash and CPF Funds –** You may apply for the Units using a combination of cash and CPF Funds, PROVIDED THAT the number of Units applied for under each payment method is in lots of 1,000 Units or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that applications for Offer Units are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for 1,000 Units must use either cash only or CPF Funds only. No acknowledgement of receipt will be issued for applications and application monies received.

(8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of oversubscription for the Units, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted or in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

(9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

(10) By completing and delivering the Application Forms, you agree that:

(a) in consideration of the Manager having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are located outside the United States (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Units for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Manager;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Sponsor, the Joint Global Coordinators or any other person involved in the Offering shall have any liability for any information not contained therein;

(f) you consent to the disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, Securities Account number, and Unit application amount to the Unit Registrar, CDP, CPF Board, Securities Clearing Computer Services (Pte) Ltd ("**SCCS**"), SGX-ST, the Manager, the Joint Global Coordinators (the "**Relevant Parties**"); and

(g) you irrevocably agree and undertake to purchase the number of Units applied for as stated in the Application Form or any smaller number of such Units that may be allocated to you in respect of your application. In the event that the Manager decides to allocate any smaller number of Units or not to allocate any Units to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Public Offer Units (other than the Reserved Units) by Way of Printed Application Forms

(1) Your application for the Public Offer Units (other than the Reserved Units) by way of printed Application Forms must be made using the **WHITE** Public Offer Units Application Forms and **WHITE** official envelopes "**A**" and "**B**".

(2) You must:

(a) enclose the **WHITE** Public Offer Units Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope "**A**" provided;

(b) in appropriate spaces on the **WHITE** official envelope "**A**":

(i) write your name and address;

(ii) state the number of Public Offer Units applied for; and

(iii) tick the relevant box to indicate form of payment;

(c) **SEAL THE WHITE OFFICIAL ENVELOPE "A"**;

(d) write, in the special box provided on the larger **WHITE** official envelope "**B**" addressed to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, the number of Public Offer Units (other than the Reserved Units) you have applied for;

(e) insert the **WHITE** official envelope "**A**" into the **WHITE** official envelope "**B**" and seal the **WHITE OFFICIAL ENVELOPE "B"**; and

(f) affix adequate Singapore postage on the **WHITE** official envelope "**B**" (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, so as to arrive by 12.00 noon on 5 March 2013 or such other date(s) and time(s) as the Manager may agree with the Joint Global Coordinators. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected. Except for application for the Placement Units where remittance is permitted to be submitted separately, applications for the Public Offer Units not accompanied by any payment or any other form of payment will not be accepted.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Placement Units by Way of Printed Application Forms

(1) Your application for the Placement Units by way of printed Application Forms must be made using the **BLUE** Placement Units Application Forms.

(2) The completed and signed **BLUE** Placement Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Unit in respect of the number of Placement Units applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Units must be delivered to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 10.00 a.m. on 4 March 2013 or such other date(s) and time(s) as the Manager may agree with the Joint Global Coordinators. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Reserved Units by Way of Printed Application Forms

(1) Your application for the Reserved Units by way of printed Application Forms must be made using the **PINK** Reserved Units Application Forms.

(2) The completed and signed **PINK** Reserved Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, in Singapore currency for the full amount payable at the Offering Price for each Unit in respect of the number of Reserved Units applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for the Reserved Units must be delivered to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 10.00 a.m. on 4 March 2013 or such other date(s) and time(s) as the Manager may agree with the Joint Global Coordinators. **Courier services or Registered Post must NOT be used.**

(3) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those under the section "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages I-1 to I-25 of this Prospectus, as well as the Trust Deed.

(1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mBanking Interface of DBS Bank (in the case of mBanking Applications). DBS Bank is the only Participating Bank through which mBanking Applications may be made.

(2) For illustration purposes, the procedures for Electronic Applications for Public Offer Units through ATMs, the IB website of DBS Bank and the mBanking Interface (together the "**Steps**") are set out in pages I-19 to I-24 of this Prospectus. The Steps set out the actions that you must take at ATMs, the IB website or the mBanking Interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens, the IB website screens of the respective Participating Banks. Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Form), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(3) Any reference to "you" or the "Applicant" in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Units through an ATM of one of the relevant Participating Banks, the IB website of a relevant Participating Bank or the mBanking Interface of DBS Bank.

(4) If you are making an ATM Electronic Application:

    (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Units at an ATM belonging to other Participating Banks.

(b) You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

(c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("**Transaction Record**"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(5) If you are making an Internet Electronic Application or a mBanking Application:

(a) You must have an existing bank account with, and a User Identification ("**User ID**") as well as a Personal Identification Number ("**PIN**") given by, the relevant Participating Bank.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.

(c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, there will be an on-screen confirmation ("**Confirmation Screen**") of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(6) In connection with your Electronic Application for Public Offer Units, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of the Prospectus (in the case of Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Units and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

(b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and Public Offer Unit application amount (the "**Relevant Particulars**") from your account with the relevant Participating Bank to the Relevant Parties; and

(c) where you are applying for the Public Offer Units (other than the Reserved Units), that this is your only application for the Public Offer Units (other than the Reserved Units) and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the website screen or the mBanking Interface. By doing so, you shall be treated as signifying your confirmation of each of the three statements above. In respect of statement 6(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

By making an Electronic Application you confirm that you are not applying for the Public Offer Units as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Units and shall not make any other application for the Public Offer Units whether at the ATMs of any Participating Bank, the IB websites of the relevant Participating Banks or the mBanking Interface of DBS Bank or on the Application Forms. Where you have made an application for the Public Offer Units on an Application Form, you shall not make an Electronic Application for the Public Offer Units and vice versa.

(7) You must have sufficient funds in your bank account and/or your CPF Investment Account with your Participating Bank and/or CPF Agent Bank at the time you make your ATM Electronic Application, Internet Electronic Application or mBanking Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, as the case may be, through which your Electronic Application is being made shall be rejected.

(8) You may apply and make payment for your application for the Public Offer Units in Singapore currency in the following manner:

(a) **Cash only –** You may apply for the Public Offer Units through any ATM or IB website of your Participating Bank or the mBanking Interface of DBS Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

(b) **CPF Funds only –** You may apply for the Public Offer Units through any ATM or IB website of your CPF Agent Bank or the mBanking Interface of DBS Bank (as the case may be) using only CPF Funds by authorising your CPF Agent Bank to deduct the full amount payable from your CPF Investment Account with the respective CPF Agent Bank. For additional terms and conditions governing the use of CPF Funds, please refer to pages I-24 and I-25 of this Prospectus.

(c) **Cash and CPF Funds –** You may apply for the Public Offer Units through any ATM or IB website of your Participating Bank and/or CPF Agent Bank or the mBanking Interface of DBS Bank (as the case may be) using a combination of cash and CPF Funds, PROVIDED THAT the number of Offer Units applied for under each payment method is in lots of 1,000 Units or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that such applications are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for 1,000 Offer Units must use either cash only or CPF Funds only.

(9) You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Units applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event that the Manager decides to allocate any lesser number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the Internet screen or the mBanking Interface of DBS Bank) of the number of Public Offer Units applied for shall signify and shall be treated as your acceptance of the number of Public Offer Units that may be allocated to you and your agreement to be bound by the Trust Deed.

(10) The Manager will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or CPF Agent Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

Where your Electronic Application is accepted or rejected in full or in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or CPF Agent Bank, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks and/or CPF Agent Banks. Therefore, you are strongly advised to consult your Participating Bank and/or CPF Agent Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Units, if any, allocated to you before trading the Units on the SGX-ST. None of the SGX-ST, CDP, CPF Board, SCCS, the Participating Banks, the CPF Agent Banks, the Manager, the Joint Global Coordinators assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

(12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank Ltd. (including POSB) ("**DBS Bank**")	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	IB http://www.dbs.com(1)	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited ("**OCBC**")	1800 363 3333	Phone Banking/ATM/IB http://www.ocbc.com(2)	24 hours a day	Evening of the balloting day
United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("**UOB Group**")	1800 222 2121	ATM (Other Transactions "IPO Enquiry")/IB http://www.uobgroup.com(3)	24 hours a day	Evening of the balloting day

Notes:

(1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or mBanking Applications through the mBanking Interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.

(2) Applicants who have made Electronic Application through the ATMs of OCBC may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.

(3) Applicants who have made Electronic Application through the ATMs or the IB website of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.

(13) ATM Electronic Applications shall close at 12.00 noon on 5 March 2013 or such other date(s) and time(s) as the Manager may agree with the Joint Global Coordinators. All Internet Electronic Applications and mBanking Applications must be received by 12.00 noon on 5 March 2013, or such other date(s) and time(s) as the Manager may agree with the Joint Global Coordinators. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

(14) You are deemed to have irrevocably requested and authorised the Manager to:

(a) register the Public Offer Units allocated to you in the name of CDP for deposit into your Securities Account or a nominee of CDP for deposit in the special CPF securities sub-account of the nominee company of the CPF Agent Bank;

(b) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank or CPF Agent Bank, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the

remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account; and

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank or CPF Agent Bank, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account.

(15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, the Manager, the Joint Global Coordinators, and if, in any such event the Manager, the Joint Global Coordinators, and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Manager, the Joint Global Coordinators and/or the relevant Participating Bank for any Public Offer Units applied for or for any compensation, loss or damage.

(16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Manager shall reject any application by any person acting as nominee (other than approved nominee companies).

(17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.

(18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(19) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of the Manager making available the Electronic Application facility, through the Participating Banks acting as agents of the Manager, at the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank:

(i) your Electronic Application is irrevocable;

(ii) your Electronic Application, the acceptance by the Manager and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and

(iii) you represent and agree that you are not located in the United States (within the meaning of Regulations S);

(b) none of CDP, the Manager, the Joint Global Coordinators, the Participating Banks and the CPF Board shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to the Manager, or CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;

(c) in respect of the Public Offer Units for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any payment received by or on behalf of the Manager;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Sponsor, the Joint Global Coordinators or any other person involved in the Offering shall have any liability for any information not contained therein; and

(f) you irrevocably agree and undertake to subscribe for the number of Public Offer Units applied for as stated in your Electronic Application or any smaller number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event the Manager decides to allocate any smaller number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Units through ATMs of DBS (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "amt", "appln", "&", "I/C", "No.", "SGX" and "Max" refer to "Account", "amount", "application", "and", "NRIC", "Number", "SGX-ST" and "Maximum", respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS (including POSB)), may differ slightly from those represented below.

Step 1: Insert your personal DBS Bank or POSB ATM Card.

2: Enter your Personal Identification Number.

3: Select "MORE SERVICES".

4: Select language (for customers using multi-language card).

5: Select "ESA-IPO SHARE/INVESTMENTS".

6: Select "ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES/SECURITIES)".

7: Read and understand the following statements which will appear on the screen:

- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT)

WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION/DOCUMENT REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- (IN THE CASE OF SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS TO BE REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENT BEFORE SUBMITTING THIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

  PRESS THE “ENTER” KEY TO CONFIRM THAT YOU HAVE READ AND UNDERSTOOD.

8: Select “MGCCT” to display details.

9: Press the “ENTER” key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT NOTICE AND/OR CIRCULAR.

- YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF AND THE ISSUER/VENDOR(S).

- FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

- FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.

- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY. YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

10: Select your nationality.

11: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12: Enter the number of securities you wish to apply for using cash.

13: Enter or confirm (if your CDP Securities Account number has already been stored in DBS's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your Securities Account Number has already been stored in DBS's records).

14: Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.

15: Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Public Offer Units through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

Step 1: Click on DBS website (www.dbs.com).

2: Login to Internet banking.

3: Enter your User ID and PIN.

4: Enter your DBS iB Secure PIN.

5: Select "Electronic Security Application (ESA)".

6: Click "Yes" to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations

and that your mailing address for DBS mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, amended).

7: Select your country of residence and click “I confirm”.

8: Click on “MGCCT” and click “Submit”.

9: Click on “I Confirm” to confirm, among others:

- You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
- You consent to disclose your name, I/C or Passport No., address, nationality, CDP Securities A/c No., CPF Investment A/c No. (if applicable) and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP, CPF Board and issuer/vendor(s).
- You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
- This application is made in your own name and at your own risk.
- For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
- For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.
- For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

10: Fill in details for securities application and click “Submit”.

11: Check the details of your securities application, your CDP Securities A/C No. and click “Confirm” to confirm your application.

12: Print the Confirmation Screen (optional) for your reference and retention only.

Steps for mBanking Applications for Public Offer Units through the mBanking Interface of DBS Bank

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated from ("A/C", "&", "amt", "I/C", "SGX" and "No." refer to "Account", "and", "Amount", "NRIC", "SGX-ST" and "Number", respectively).

Step 1: Click on DBS Bank mBanking application using your User ID and PIN.

2: Select "Investment Services".

3: Select "Electronic Securities Application".

4: Select "Yes" to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).

5: Select your country of residence.

6: Select "MGCCT".

7: Select "Yes" to confirm, among others:

- You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
- You consent to disclose your name, I/C or Passport No., address, nationality, CDP Securities A/c No. and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP and issuer/vendor(s).
- You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "US person" (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
- This application is made in your own name and at your own risk.
- For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
- FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application

and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

- FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

8: Fill in details for securities application and click "Submit".

9: Check the details of your securities application, your CDP Securities A/C No. and click "Confirm" to confirm your application.

10: Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

Terms and Conditions for Use of CPF Funds

(1) If you are using CPF Funds to subscribe for the Units, you must have a CPF Investment Account maintained with a CPF Agent Bank at the time of your application. If you are applying for the Units through an ATM Electronic Application, you must have an ATM card with that CPF Agent Bank at the time of your application before you can use the ATMs of that CPF Agent Bank to apply for the Units. For an Internet Electronic Application or mBanking Application, you must have an existing bank account with, and a User Identification ("**User ID**") as well as a Personal Identification Number ("**PIN**") given by, the CPF Agent Bank. Upon the completion of your Internet Electronic Application through the IB website of the CPF Agent Bank or mBanking Application through the mBanking interface of DBS Bank, there will be a Transaction Completed Screen of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Transaction Completed Screen is for your retention and should not be submitted with any printed Application Form. The CPF Investment Account is governed by the Central Provident Fund (Investment Schemes) Regulations, as amended.

(2) CPF Funds may only be withdrawn for applications for the Units in lots of 1,000 Units or integral multiples thereof.

(3) If you are applying for the Units using a printed Application Form and you are using CPF Funds to apply for the Units, you must submit a CPF Cashier's Order for the total amount payable for the number of Units applied for using CPF Funds.

(4) Before you apply for the Units using your CPF Funds, you must first make sure that you have sufficient funds in your CPF Investment Account to pay for the Units. You need not instruct the CPF Board to transfer your CPF Funds from your CPF Ordinary Account to your CPF Investment Account. If the balance in your CPF Investment Account is insufficient and you have sufficient investible CPF Funds in your CPF Ordinary Account, the CPF Agent Bank with which you maintain your CPF Investment Account will automatically transfer the balance of the required amount from your CPF Ordinary Account to your CPF Investment Account immediately for you to use these funds to buy a CPF Cashier's Order from your CPF Agent Bank in the case of an application by way of a printed Application Form or submit your application in the case of an application by way of an Electronic Application. The automatic transfer facility is available until the close of the Public Offer, and the operating hours of the facility are between 8.00 a.m. and 10.00 p.m. from Mondays to Saturdays, and between 8.00 a.m. and 5.00 p.m. on Sundays and public holidays.

(5) The special CPF securities sub-account of the nominee company of the CPF Agent Bank (with whom you maintain a CPF Investment Account) maintained with CDP will be credited with the principal amount of the Units you subscribed for, or such number of Units allocated to you, with CPF Funds.

(6) Where you are using CPF Funds, you cannot apply for the Units as nominee for any other person.

(7) All instructions or authorisations given by you in a printed Application Form or through an Electronic Application are irrevocable.

(8) CPF Investment Accounts may be opened with any branch of the CPF Agent Banks.

(9) All information furnished by the CPF Board and the CPF Agent Banks on your authorisation will be relied on as being true and correct.

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LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

(A) Directors of the Manager

(1) Mr Frank Wong Kwong Shing

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Asia Philanthropic Ventures Pte. Ltd.	Ayala DBS Holdings Inc
China Mobile Limited	Catholic Social and Community Council
Industrial And Commercial Bank of China Limited	Agape Fund
Mapletree Greater China Commercial Trust Management Ltd.	DBS Bank (China) Limited
Mapletree Investments Pte Ltd	DBS Bank (Hong Kong) Limited
PSA International Pte Ltd	DBS Bank Ltd.
	DBS (China) Investment Co., Ltd
	DBS Diamond Holdings Ltd
	DBS Group (HK) Limited
	DBS Group Holdings Ltd
	Galleon Asia, Pte. Ltd.
	National Healthcare Group Pte Ltd
	The University of Hong Kong

(2) Mr Kevin Kwok Khien

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
The Circadian Advisors Pte. Ltd.	Ernst & Young Corporate Finance Pte Ltd
The Circadian Associates Pte. Ltd.	
The Circadian Group Pte. Ltd.	
Mapletree Greater China Commercial Trust Management Ltd.	
NTUC Eldercare Co-operative Ltd.	
NTUC Income Insurance Co-operative Limited	
Singapore Exchange Limited	
Singapore Institute of Directors	

(3) Mr Lok Vi Ming

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Bethesda (Bedok-Tampines) Church Ltd	IPBA 2010 Singapore Pte. Ltd.
LH (31) Investments Pte. Ltd.	LMIRT Management Ltd.
LH (38) Investments Pte. Ltd.	Mount Faber Leisure Group Pte. Ltd.
Mapletree Greater China Commercial Trust Management Ltd.	Singapore Food Industries Pte. Ltd.
Singapore Cruise Centre Pte. Ltd.	Singex Exhibitions Pte. Ltd.
Singapore Institute of Legal Education	Singex Exhibitions Ventures Pte. Ltd.
The Community Justice Centre Limited	Singex Venues Pte. Ltd.

(4) Mrs Ow Foong Pheng

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
DBS Bank Ltd. DBS Group Holdings Ltd Mapletree Greater China Commercial Trust Management Ltd.	Singapore-Suzhou Township Development Pte Ltd Jurong Port Pte Ltd Jurong International Holdings Pte. Ltd. Ascendas Pte Ltd Singapore Cooperation Enterprise

(5) Mr Michael Kok Pak Kuan

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Dairy Farm International Holdings Limited KPK & Sons Realty Pte Ltd Mapletree Greater China Commercial Trust Management Ltd.	Dairy Farm Management Services Limited DFI Supermarkets (Malaysia) Sdn Bhd Deli Giant Sdn Bhd Foodworld Supermarkets Private Ltd GCH Retail (Malaysia) Sdn Bhd Hayselton Enterprises Limited Health and Glow Retailing Private Ltd Mannings Beijing Retail Company Limited Mannings Chongqing Retail Company Limited Mannings Jiangsu Retail Company Limited Mannings Shanghai Retail Company Limited Mannings Sichuan Retail Company Limited Maxim's Caterers Ltd Mindset Limited Valhalla Trading Sdn Bhd Giant Hypermarket (Ulu Kelang) Sdn Bhd Teng Mini Market Centre Sdn Bhd The Dairy Farm Company, Limited Giant South Asia (Vietnam) Ltd

(6) Mr Hiew Yoon Khong

Current Directorships

Cantonment Realty Pte Ltd
CMREF 1 Sdn. Bhd.
Mapletree Capital Management Pte. Ltd.
Mapletree Commercial Trust Management Ltd.
Mapletree Greater China Commercial Trust Management Ltd.
Mapletree Industrial Trust Management Ltd.
Mapletree Investments Pte Ltd
Mapletree Logistics Trust Management Ltd.
Mapletree Mezzanine Managers Pte. Ltd.
Mapletree Treasury Services Limited
Mapletree Treasury Services (HKSAR) Private Limited
M+S Pte. Ltd.
Marina South Investments Pte. Ltd.
MS Commercial Pte. Ltd.
MS Residential 1 Pte. Ltd.
MS Residential 2 Pte. Ltd.
National University of Singapore
Ophir-Rochor Investments Pte. Ltd.
Vietsin Commercial Complex Development Joint Stock Company

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Birchtree Fund Investments Private Limited
CIMB-Mapletree Management Sdn. Bhd.
Changi Airport International Pte. Ltd.
Embassy Mapletree Trust Management Ltd.
Mapletree Industrial Fund Ltd.
Mapletree Real Estate Mezzanine Fund I Limited
Sentosa Development Corporation
Sentosa Leisure Holdings Pte Ltd
Singapore Changi Airport Enterprise Pte Ltd

(7) Mr Chua Tiow Chye

Current Directorships

Alpha Result Holdings Limited
Azalea 1 Pte. Ltd.
Azalea 2 Pte. Ltd.
Beijing Gateway Plaza (Cayman) Ltd.
Beijing Gateway Plaza (BVI) Ltd.
Binh Duong Industrial 1 Ltd.
Binh Duong Real Estate 1 Ltd.
Binh Duong Real Estate 2 Ltd.
Bountiful Overseas Limited
Calee Asset Co., Limited
Carrymell (M) Sdn. Bhd.
Claymore Limited
CM Assets Ltd.
Elite Peak Limited
Excel Yield Investments Limited
Foshan Jiachuang Real Estate Co., Ltd.
Foshan Jiafeng Real Estate Co., Ltd.
HarbourFront Dalian Pte. Ltd.
Harvest Yield Limited
HK Gateway Plaza Company Limited

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Embassy Mapletree Trust Management Ltd.
Ever Fortune Trading Center Joint Stock Company
Genright Investment Limited
Greatdeal Finance Limited
Guangzhou Mapletree Eastern American Log Limited
Mapletree First Warehouse (Vietnam) Co., Ltd.
Mapletree Integrated (Shanghai) (HKSAR) Limited
Mapletree Investments Japan Kabushiki Kaisha
Mapletree Logistics Development (Wuxi) Co., Ltd.
Mapletree Logistics Warehouse (Xian) Co., Ltd.
Mapletree Mauritius 1 Ltd.
Mapletree Mauritius 3 Ltd.
Mapletree MIC Changsha Ltd.

Current Directorships

Japan Office Investments (Singapore) Pte. Ltd.
Lancer (TML) Ltd.
Mapletree Citrine Ltd
Mapletree Emerald Ltd.
Mapletree GC Holdings Ltd.
Mapletree Greater China Commercial Trust Management Ltd.
Mapletree Hinjewadi (Mauritius) Ltd.
Mapletree Hong Kong Management Limited
Mapletree India China Fund Ltd.
Mapletree Industrial Fund Ltd.
Mapletree Japan Office Fund Pte. Ltd.
Mapletree Logistics Park Bac Ninh Phase 1 (Vietnam) Co., Ltd.
Mapletree Logistics Park Bac Ninh Phase 2 (Vietnam) Co., Ltd.
Mapletree Logistics Park Bac Ninh Phase 3 (Vietnam) Co., Ltd.
Mapletree Logistics Park Bac Ninh Phase 4 (Vietnam) Co., Ltd.
Mapletree Logistics Park Bac Ninh Phase 5 (Vietnam) Co., Ltd.
Mapletree Logistics Park Phase 1 (Vietnam) Co., Ltd.
Mapletree Logistics Park Phase 2 (Vietnam) Co., Ltd.
Mapletree Logistics Park Phase 3 (Vietnam) Co., Ltd.
Mapletree Logistics Park Phase 4 (Vietnam) Co., Ltd.
Mapletree Logistics Park Phase 5 (Vietnam) Co., Ltd.
Mapletree Logistics Park Phase 6 (Vietnam) Co., Ltd.
Mapletree Logistics Trust Management Ltd.
Mapletree Malaysia Management Sdn. Bhd.
Mapletree Management Consultancy Pte. Ltd.
Mapletree Mauritius 2 Ltd.
Mapletree MIC Nanhai Ltd.
Mapletree MIC Shenyang Retail (HKSAR) Limited
Mapletree MIC Shenyang Retail Ltd.
Mapletree MIC Xi'an (HKSAR) Limited
Mapletree MIC Xi'an Ltd.

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Mapletree MIC Changsha (HKSAR) Limited
Mapletree MIC India Holdings Ltd.
Mapletree Opal Ltd.
Mapletree PD (Wujiang) Ltd.
Mapletree Property Services Pte. Ltd.
Mapletree Shunyi (Beijing) (HKSAR) Limited
Mapletree Shunyi (Beijing) Ltd.
Mapletree Tianjin Free Port Development Ltd.
Mapletree Topaz Ltd.
Mapletree Vietnam Management Consultancy Co., Ltd.
Mapletree WND (Wuxi) (HKSAR) Limited
Mapletree Zhu Yuan (Beijing) Logistics Development Co., Ltd
MapletreeLog AIP (Guangzhou) (HKSAR) Limited
MapletreeLog AIP (Guangzhou) Ltd.
MapletreeLog First Korea (Yujoo) Co., Ltd.
MapletreeLog Greatdeal Ltd.
MapletreeLog GTC (HKSAR) Ltd.
MapletreeLog Gyoda (Japan) (HKSAR) Limited
MapletreeLog Haisan (Shanghai) (HKSAR) Limited
MapletreeLog Haisan (Shanghai) Ltd.
MapletreeLog Himawari Pte. Ltd.
MapletreeLog Integrated (Shanghai) (Cayman) Ltd.
MapletreeLog Jinda Warehouse (Shanghai) Co., Ltd
MapletreeLog (M) Holdings Sdn. Bhd.
MapletreeLog Malaysia Holdings Pte. Ltd.
MapletreeLog Momiji Pte. Ltd.
MapletreeLog Northwest (Shanghai) (HKSAR) Limited
MapletreeLog Northwest (Shanghai) Ltd.
MapletreeLog Oakline (Korea) Pte. Ltd.
MapletreeLog Ouluo (Shanghai) Ltd.
MapletreeLog PF (HKSAR) Ltd.
MapletreeLog Sakura Pte. Ltd.
MapletreeLog Seastar (Xian) (HKSAR) Limited
MapletreeLog Seastar (Xian) Ltd.
MapletreeLog Shenzhen Ltd.

Current Directorships

Mapletree Overseas Holdings Ltd.
Mapletree Regional Holdings Ltd.
Mapletree Tan Phong Ltd.
Mapletree Tianjin Free Port Development (HKSAR) Limited
Mapletree VSIP 2 Phase 3 (Cayman) Co. Ltd.
Mapletree VSIP 2 Phase 4 (Cayman) Co. Ltd.
Mapletree VSIP 2 Phase 5 (Cayman) Co. Ltd.
Mapletree VSIP 2 Phase 6 (Cayman) Co. Ltd.
Mapletree VSIP Bac Ninh Phase 1 (Cayman) Co. Ltd.
Mapletree VSIP Bac Ninh Phase 2 (Cayman) Co. Ltd.
Mapletree VSIP Bac Ninh Phase 3 (Cayman) Co. Ltd.
Mapletree VSIP Bac Ninh Phase 4 (Cayman) Co. Ltd.
Mapletree VSIP Bac Ninh Phase 5 (Cayman) Co. Ltd.
Maypex Ventures Sdn. Bhd.
Metadex Pte Ltd
MJOF Pte. Ltd.
Momiji 1 Ltd.
Momiji 2 Ltd.
Pan's International Holdings Limited
Pune Kharadi Development Private Limited
Satsuki 1 Pte. Ltd.
Satsuki 2 Pte. Ltd.
Shanghai Linfeng Real Estate Development Co., Ltd.
Silver Star Limited
Somei 1 Pte. Ltd.
Somei 2 Pte. Ltd.
Tsutsuji 1 Pte. Ltd.
Tsutsuji 2 Pte. Ltd.
Vietsin Commercial Complex Development Joint Stock Company
Xi'an Yajian Real Estate Development Co., Ltd.

Past Directorships (for a period of five years preceding the Latest Practicable Date)

MapletreeLog ST (HKSAR) Ltd.
MapletreeLog Treasury Company (HKSAR) Ltd.
MapletreeLog Treasury Company Pte. Ltd.
MapletreeLog VSIP 1 Warehouse Pte. Ltd.
MapletreeLog Xingda (Shenzhen) Ltd.
Mulberry Pte. Ltd.
Pacific North Holdings Ltd.
Pancuran Baiduri Sdn. Bhd.
Polar Hanoi Holdings Ltd.
Sakura Industrial 1 Ltd.
Three Hills Assets Ltd.
Tianjin Mapletree Chang'an Investment Management Service Co. Ltd.
Tianjin Port Haifeng Bonded Logistics Co., Ltd.
Tianjin Shunan Business Trade Co., Ltd
Viet-Fortune Investment Co., Ltd. Zentraline Sdn. Bhd.

(B) Executive Officers of the Manager

(1) Ms Cindy Chow Pei Pei

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Mapletree Greater China Commercial Trust Management Ltd. Mapletree Greater China Commercial Trust Treasury Company (S) Pte. Ltd. Mapletree Greater China Commercial Treasury Company (HKSAR) Private Limited	Adamas Builders Private Limited Calee Asset Co., Limited Citimate International Limited Golden Jet Limited Mapletree India Management Services Private Limited Mapletree Real Estate Advisors Pte. Ltd. Pan's International Holdings Limited Pune Kharadi Development Private Fund Limited Xi'an Yajian Real Estate Development Co., Ltd.

(2) Ms Jean Low Su-Im

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Mapletree Greater China Commercial Trust Treasury Company (S) Pte. Ltd. Mapletree Greater China Commercial Treasury Company (HKSAR) Private Limited	Mabojen Pte. Ltd.

(3) Ms Michelle Chan Ching Man

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Nil	Nil

(4) Ms Stephanie Novita Tantri

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Nil	Nil

MAPLETREE GREATER CHINA COMMERCIAL TRUST

MANAGER

Mapletree Greater China Commercial Trust Management Ltd.
10 Pasir Panjang Road
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SPONSOR

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